



Colonel Bob Smalser of the U.S. Army, commander of Camp Doha in Kuwait, answering journalists' questions Sunday.

U.S. Forces May Not Wait For Iraq to Invade Kuwait

Saddam's Aim: Gain Leverage On Sanctions

By Caryle Murphy
Washington Post Service

JERUSALEM — In creating his latest confrontation with the United States, President Saddam Hussein of Iraq appears to have calculated that Washington has neither the ability nor the will to mobilize the huge military force it once did against him and that he can emerge from the crisis with hargaining leverage to ease United Nations sanctions against his country.

Iraqi and American analysts offering this assessment say that by pointedly deploying troops on Iraq's border with Ku-

IRAQI FORCES
within 20 km of Kuwait border
60,000 - 70,000 troops
700 tanks
900 personnel carriers



ALLIED FORCES
2,000 U.S. troops in the Gulf
18,000 Kuwaiti troops
44 tanks
USS Lyle Gull cruiser carrying
122 cruise missiles
USS Hewitt destroyer carrying
73 cruise missiles
USS Tripoli amphibious assault group
48 U.S. F-15 fighters in the Gulf and Turkey
6 British Tomahawk fighters
9 French Mirage 2000 fighters

NEWS ANALYSIS

wait, Mr. Saddam has achieved his aim of putting Iraq back on the international agenda after months of being ignored and that he does not need to invade the emirate again.

Mr. Saddam and his associates believe that if they create an escalation of tensions, the United States and its allies will not be able to mobilize as they did in the Gulf War of 1991, an exiled Iraqi active in the opposition said.

They also believe, he added, that "it is not necessary to strike Kuwait" but that by creating a threat at the border, they will be taking the initiative. Mr. Saddam "will watch now to see what is the reaction of the United States and its allies," he said.

The Iraqi troops' mere presence so close to the border poses a threat that President Bill Clinton will have to deal with. At the very least, it forces Washington into an unanticipated military buildup. "It's expensive to America, and it distracts Clinton," a U.S. analyst said.

However, some exiled Iraqis who maintain clandestine contact with critics of Mr. Saddam in Baghdad, say the Iraqi leader is so desperate with the economic tailspin into which his country has fallen that he appears ready to risk the consequences of an attack on Kuwait if the United States does not respond with negotiations.

"This time he is very serious," said Baha Shabeeb, an Iraqi who says he has been briefed by informants from Baghdad. "He's rushing forces from all over Iraq to the Basra theater."

Mr. Saddam's closest advisers, drawn mainly from his Tikriti clan, "are counting 80 percent that Clinton will blink and come to the negotiating table," he said.

But "if this fails, they can attack Kuwait and kill as many Americans as possible," he said, adding, "They missed their chance

UN Aide Calls Troop Moves a 'Hostile' Act

By Ann Devroy
Washington Post Service

WASHINGTON — Increasing its pressure on President Saddam Hussein, the Clinton administration said Sunday that the massing of 70,000 Iraqi troops at the border with Kuwait was a "hostile" act that could be met with U.S. military action even if those troops did not invade.

The warning came from the chief U.S. representative at the United Nations, Madeleine K. Albright, who described the movement of four armored Iraqi divisions to within 15 kilometers (9 miles) of the Kuwait border as "disrupting the stability in the region."

"We consider this hostile," she said. Speaking on CNN after leaving a White House session on Iraq, Mrs. Albright said an invasion of Kuwait would be an "obvious" reason for a U.S. military response. But she added that the United States was now discussing internally and with its allies "under what circumstances the regional instability" caused by the troop movements, even those within Iraq's own borders, "becomes intolerable" to other states in the Gulf region.

That was a central discussion at the White House on Sunday, officials said, when most of Mr. Clinton's senior foreign policy and national security aides met on and off for most of the day. Officials said Mr. Clinton will meet again with his top aides Monday morning to assess the situation in Iraq and determine whether to issue a firm warning.

Defense Secretary William J. Perry also suggested Sunday that the United States and its allies would not allow themselves to be trapped in a long stalemate.

The White House discussions came as the Pentagon sent new airpower to the Gulf and 18,000 Marines were put on alert at Camp Pendleton, California. Those moves are part of the U.S. military muscle-flexing aimed at heading off a feared invasion and persuading Mr. Saddam to pull back from the border.

Mr. Perry pointedly kicked off the elements of what he called "a formidable military force" in place or en route to Saudi Arabia and Kuwait and other points in the Gulf.

Besides the Camp Pendleton Marines, 4,000 members of an army mechanized division from Fort Stewart, Georgia, and 2,000 Marines aboard amphibious-assault ships already in the northern Gulf have been put on alert. About 300 Marines have left there already to prepare Patriot missile

Extreme Right Surges in Austria Vote

By Alan Friedman
International Herald Tribune

SALZBURG — Austria experienced a political earthquake Sunday as voters gave Jörg Haider's extreme right Freedom Party a record 22.6 percent of the national vote and the country's two governing coalition parties suffered their worst electoral setback since World War II.

Although the so-called grand coalition of Social Democrats and the conservative People's Party will keep their majority in Parliament, the results dealt a humiliating personal defeat to Chancellor Franz Vranitzky.

Mr. Vranitzky's Social Democrats won just 35.2 percent, a drop of 7.6 percentage points since the last election, in 1990. With nearly complete returns, the People's Party dropped 4.4 points, to 27.7 percent.

The results, which also saw progress by the Green Party and the centrist Liberal Forum, are a breakthrough for the populist Mr. Haider, who has wooed disenchanted voters with harsh anti-foreigner rhetoric and fervent opposition to Austria's joining the European Union.

The ambitious and telegenic Mr. Haider said Sunday night he was "speechless" at

the size of his vote count, 6 percentage points higher than in 1990.

"I would like to be chancellor by 1998," he said on television after the polls closed.

While on paper Mr. Haider and the People's Party now control a total of 94 seats jointly, enough to form a rightist governing coalition, this is considered highly unlikely. Instead, the People's Party indicated that it would remain loyal to the present governing coalition, and Mr. Haider announced plans to become oppo-

See VOTE, Page 2

CIA Paid Japan's Long-Ruling Party

New York Times Service

The following article is based on reporting by Tim Weiner, Stephen Engelberg and James Sterngold and was written by Mr. Weiner.

WASHINGTON — In a major covert operation of the Cold War, the Central Intelligence Agency spent millions of dollars to support the conservative party that dominated Japan's politics for a generation.

The CIA gave money to the Liberal Democratic Party and its members in the 1950s and the 1960s to gather intelligence on Japan, make the country a

bulwark against communism and undermine the Japanese left, retired intelligence officials and former diplomats said.

Since then, the CIA has dropped its covert financial aid and has focused instead on gathering inside information on Japan's party politics and positions in trade and treaty talks, retired intelligence officials said.

The Liberal Democrats' 38 years of one-party governance ended last year when they fell from power after a series of corruption cases, many involving secret cash contributions. Still the largest

party in Japan's Parliament, they formed an awkward coalition in June with their old Cold War enemies, the Socialists — the party that the CIA's aid had aimed in part to undermine.

Though the CIA's financial role in Japanese politics has long been suspected by historians and journalists, the Liberal Democrats have always denied it existed, and the breadth and depth of the support has never been detailed publicly.

The CIA did not respond to an inquiry. In Tokyo, Katsuya Muraguchi, direc-

See JAPAN, Page 4

Body of a Sect Leader Is Said to Be Found

By Alan Cowell
New York Times Service

CHEIRY, Switzerland — The mystery surrounding the macabre deaths of 48 cult members in Switzerland deepened Sunday with a report that a presumed leader of the Solar Tradition, for whom a murder warrant had been issued, had been identified among the dead.

But there was still no clue to the whereabouts of Luc Jouret, the 46-year-old Belgian founder of the sect, who is also wanted on murder charges. It has not been established whether he was also among those who perished in the deadly scenario that was apparently coordinated with five more deaths on property owned by the cult leaders in Canada.

Swiss television reported Sunday that several family members had identified the body of Joseph di Mambro, a 70-year-old French-Canadian reputed to be the financial mastermind of the cult, and that of his wife, Jocelyn, among 25 badly burned bodies recovered from three incinerated chalets at the Alpine ski hamlet of Granges-sur-Salvan, 160 kilometers (100 miles) from Cheiry.

When the police issued international warrants for the arrest of Mr. di Mambro and Dr. Jouret on Friday, it was assumed that they were thought to be on the run after orchestrating the mass deaths. On Saturday, Swiss investigators said publicly for the first time that their initial suspicion of a mass suicide among cult members had

been replaced by the belief that at least some of the dead had been murdered.

If Mr. di Mambro was among the dead, however, the question of Dr. Jouret's whereabouts becomes all the more important in determining how the deaths occurred. Both men were seen near the sites of the Swiss blazes hours before they broke out, Swiss investigators say.

Investigators declined to confirm the Swiss television report, saying that relatives had identified only Mr. di Mambro's personal effects found in the embers at Granges-sur-Salvan. But his name figured in a further, baffling twist.

Compounding the puzzles confronting

See CULT, Page 4

Kiosk Arab Assailants Injure 11 Israelis

JERUSALEM (AP) — Arab gunmen ran down a café-lined sidewalk in central Jerusalem late Sunday, shooting and throwing hand grenades. At least 11 Israelis were wounded, Israel Radio reported.

The police said two Arabs apparently involved in the attack were killed by Israeli border police. Army radio said it was not clear how many Arabs had taken part in the attack and that a third man could still be at large.

Book Review

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Newsstand Prices

Andorra.....9.00 FF	Luxembourg 60 L. Fr
Antilles.....11.20 FF	Morocco.....12 Dh
Armenia.....1.400 CFA	Qatar.....8.00 Rials
Cambodia.....1.400 CFA	Reunion.....11.20 FF
Egypt.....9.00 FF	Saudi Arabia..9.00 R.
France.....9.00 FF	Senegal.....960 CFA
Gabon.....960 CFA	Spain.....200 PTAS
Ghana.....2.400 CFA	Tunisia.....1,000 Din
Greece.....300 Dr.	Turkey.....T.L. 35,000
Ivory Coast..1.120 CFA	U.A.E.....8.50 Dirh
Jordan.....1 JD	U.S. MIL. (Eur.) \$1.70
Lebanon.....US\$ 1.50	

Marathon in the Médoc: Defer the Gratification

By William Drozdiak
Washington Post Service

PAULLAC, France — Napoleon may have believed that the performance of soldiers depends on their stomachs, but André Cazes likes to think that the prowess of athletes is determined by their palates.

A jovial man who proudly bears the title of grand master in the Commanderie du Bontemps de Médoc en de Graves, Mr. Cazes and a group of physician friends decided a decade ago that one way to lift people's spirits before the harvest would be to hold a marathon in which runners would traverse the 42-kilometer (26-mile) course through some of the world's most hallowed vineyards.

It was virtually unthinkable that the runners should lope along on empty stomachs. And where food is served in France, wine is sure to follow.

Along with a pasta feast and "refreshment stops" that featured oysters and other regional delicacies, Mr. Cazes prevailed upon 60 wine châteaux along the

course to open their doors and offer tastings of their wines.

"Sport and wine in the Médoc is like love and marriage in life," Mr. Cazes said. "It can go from zero to infinity; we wanted this to be the infinite experience for all of us."

What started as a gourmet jaunt for several dozen *oeno-sports*, or athletic wine buffs, has blossomed within 10 years into one of the French wine country's most exotic extravaganzas, luring participants from all over the world — many in elaborate costumes — who are looking for something more than the thrill of breaking through "the wall" at the 30-kilometer mark.

On a cool, cloudy fall morning, more than 5,000 marathoners aged from 20 to 70 set off from this town on the Gironde River in search of Mr. Cazes' "infinite experience." Winners in each age group were to receive their weight in bottles of the finest Bordeaux.

Led by Jean Guyon, owner of Château

See RUN, Page 4



Worshippers in a Port-au-Prince church Sunday. Haiti's priest-president, Jean-Baptiste Aristide, is to return Saturday.

Cédras to Go Monday, Haitian Army Says

Compiled by Our Staff From Duponts

PORT-AU-PRINCE, Haiti — Lieutenant General Raoul Cédras will step down Monday as Haiti's military leader, transferring power to the army's No. 2 commander, the Haitian Army said Sunday.

Major General Jean-Claude Duperval will replace General Cédras under a plan approved Saturday in Washington by Haitian officers and representatives of the exiled president, the Reverend Jean-Bertrand Aristide, an army spokesman said.

He said Brigadier General Philippe Biamby, the army chief of staff and a leader of the 1991 coup, had also resigned.

U.S. officials here and in Washington, however, said Sunday that they were unable to say exactly when the military leaders would step down, only that it would

precede Father Aristide's return next Saturday.

Leon E. Panetta, the White House chief of staff, said on an NBC News program that he could not confirm that General Cédras would resign Monday, "but, clearly, we have this mission on track right now."

"It is a stable situation," he added. "There's calm that's been restored to the country. President Aristide is prepared to return. We have the Parliament in place. I think in a matter of days we will see democracy restored to Haiti, and that was the fundamental goal of the president's policy."

A Clinton administration official, speaking Sunday on condition of anonymity, did not deny reports of the resignation

Monday, but said, "Nothing is clear until he does it."

Under a deal brokered by Jimmy Carter, the former U.S. president, averting an invasion, the two generals have to leave power by Saturday. The third leader of the September 1991 coup, Lieutenant Colonel Michel François, fled to the Dominican Republic on Tuesday.

Haitian sources said the agreement on the resignation was worked out Saturday by General Cédras's representatives in Washington.

Defense Secretary William J. Perry said that he and General John M. Shalikashvili, chairman of the Joint Chiefs of Staff, met with General Cédras on Saturday at Port-au-Prince airport.

"We discussed the actions he could take,"

See HAITI, Page 4

Q & A: U.S. and Russian Differences on European Stability

U.S. and Russian views on European stability will be debated during a six-week session of the Conference on Security and Cooperation in Europe that starts Monday in Budapest and culminates in a summit meeting in December. The U.S. representative, Sam Brown, talked to the IHT's Joseph Fichetti about how the Conference's agenda is viewed in Washington.

Q. Your name was a household word in the 1960s when you were an anti-Vietnam war activist attacking the U.S. government. How does it feel to be an official?

A. Actually, this is my second tour. In the Carter administration, I ran the Peace Corps. My concern has always been to make government more responsive, more humane, with a foreign policy that reflects the essential decency of the American people. The Clinton administration is clearly engaged constructively in this sense, starting with trade and economic engagement.

In Europe, our policy certainly includes an effort to tackle the fundamental issues created, really, by the collapse of the Soviet Union. Dealing with the competing demands of national sovereignty in new democracies and the demands of minorities, even separatist groups, is a constant tension. It adds up to asking how you integrate Russia into Europe in an affirmative way. That's the political question that this body, the CSCE, is all about right now.

Q. Is Moscow lavishing attention on the CSCE because it wants an alternative to NATO in shaping European security?

A. The CSCE is the natural multilateral forum, as the trans-Atlantic institution where Russia has an equal voice, for work on these questions. This is not war and peace in the traditional sense, but instability around Russia's borders. It's very different from what NATO does. The CSCE doesn't have guns and is

not going to have. It doesn't have the strength of NATO's unanimity. But NATO isn't equipped to handle some things we do. Today we spend hours talking about how to do election-monitoring in Tajikistan. The CSCE and NATO are simply not in competition.

Q. Will the CSCE give a seal of approval to Russian peacekeeping operations in the newly independent republics?

A. Clearly, Russian troops are going to be indispensable in peacekeeping on their periphery, but it's preferable for them to be part of larger international forces and, in any case, they should obey strict, rigid standards. The CSCE is demanding compliance with higher standards than the United Nations. That means that any peacekeeping unit must be legitimately invited into a conflict by the parties involved. It must be linked to an ongoing political process aimed at a solution, not an imposed settlement. It must have a limited duration. It must be fully transparent in

the sense that outside monitors can see clearly all the way through the peacekeepers' organization, see what they're doing at every level in the community. The United States feels strongly about the need for tight standards.

Q. What if the Russians say CSCE standards are too tough?

A. The other forum is the United Nations. The CSCE claims to have helped defuse problems such as helping the Russian Army out of the Baltic states, mainly by allaying fears about the Russian minorities there. But can the CSCE ever become more than just a talking shop?

A. This is where these problems are raised first — and some would say debated the longest. It's the strength of the CSCE when we can produce consensus. We've had some strong missions that have made a real difference — little publicized internationally — in shaping peaceful outcomes

in the places you've mentioned and some others, including Moldova, where the situation otherwise might have deteriorated dangerously. It's a learning process for everybody: how to find enough independence so people can express their cultural identity and at the same time hold the state together. Sometimes it's a matter of confidence building, preventing rumors from taking control — a little like the best programs in some troubled Western cities. When Yugoslavia broke up, the CSCE was only one of the many institutions that failed to solve it. But now missions sent by the CSCE to trouble spots have made a difference, including in places threatened by the spillover from the fighting in Bosnia. Right now, the CSCE has the lead in what is perhaps the most complex negotiation of all on Russia's periphery, involving Nagorno-Karabakh. Russia is deeply involved in the mediation, as is the United States. ... What happens will be important for what happens in other places.

Aid Planes Resume Sarajevo Deliveries

Compiled by Our Staff From Dispatches

SARAJEVO, Bosnia-Herzegovina — The United Nations resumed its airlift into Sarajevo on Sunday, as aid officials struggled to replenish food stocks in the Bosnian capital before the Balkan winter sets in. Stocks had dropped perilously low after Bosnian Serbs effectively closed the airport on Sept. 22 by threatening to shoot down any planes trying to land. A total of 19 UN aid flights and two Red Cross planes landed Sunday.

Aid flights resumed briefly Friday, only to be called off after both Bosnian government troops and rival Serbs fired on planes at the airport.

The resumption of the airlift comes at a time of soured relations between the UN Protection Force and the Bosnian government, and of increased bloodshed in and around the capital.

Bosnian Serbian forces on Saturday hit civilians in Sarajevo with machine-gun fire, killing one and wounding 11.

The UN special envoy, Yasushi Akashi, denounced the Ser-

bian violation of an Aug. 14 agreement to stop sniping in and around the city as a "flagrant and deliberate attack on civilians."

The 12-minute fusillade on three streetcars and pedestrians on Saturday followed warnings by the Serbs of reprisals for the killing Thursday of 16 Serbian soldiers and four female medics in a government attack on a Bosnian Serb army post that appeared to violate the UN demilitarized zone.

Witnesses saw some victims hit several times on the exposed boulevard known as "Sniper Alley." Doctors said six of the wounded, including boys aged 14 and 16, were badly wounded. (Reuters, AP)

Turks Kill 2 Leftist Suspects

ISTANBUL — The police killed two suspected members of the underground group Revolutionary Left when an overnight raid on an Istanbul apartment ended in a shoot-out, the Anatolian News Agency said Sunday.



A British UN armored vehicle standing guard near a streetcar that was hit by gunfire in Sarajevo's "Sniper Alley."

Election Gambit in Germany

Former Communists Put Hopes on Writer, 81

By Stephen Kinzer
New York Times Service

BERLIN — When a voter asked Stefan Heym recently to describe his political program, the candidate for Parliament looked a bit surprised and finally replied, "I have goals, but I left them at home."

Asked which committee he would like to join if he is elected on Oct. 16, Mr. Heym answered, "I don't even know what committees they have."

Mr. Heym may have lost a few votes by such replies, but he feels little need to explain himself. He is a candidate of the former Communist Party, and he knows that most voters will support or oppose him on that basis alone.

The election is the biggest test for the former Communists

since 1990, when they renamed themselves the Party of Democratic Socialism. If they are to solidify their position in national politics, they must win enough votes to take seats in Parliament.

A party qualifies for seats by winning 5 percent of the vote nationally, a goal the former Communists probably will not reach because they have almost no support in western states. But there is a second way: a party that wins three head-to-head races enters Parliament automatically.

In two Berlin districts, former Communists seem to have strong chances. The party's most popular figure, Gregor Gysi, is a favorite in his district, and Christa Luft, a former East German minister of economics,

also appears to be running ahead of her opponents.

Party strategists say they have outside chances to win their crucial third seat in Potsdam, Rostock or Schwerin. But all agree that their best hope is in Berlin with Mr. Heym. As a result, Mr. Heym's race is perhaps the most closely watched parliamentary campaign in Germany. The outcome could help shape German politics for the next four years and beyond.

When Germany was reunified four years ago, most analysts expected the former Communists to fade quickly. But they have grown to surprising strength, winning more than 20 percent of the vote in several eastern elections.

Supporters of the party are a combination of longtime Communists and others who are dissatisfied with some aspects of reunification. Organizers assert that the party's roots in the East make it the only party truly qualified to speak for the concerns of East Germans.

In some ways, Mr. Heym is an ideal candidate for a party seeking to portray itself as free of the old Communist taint. In East Germany he carved out a niche as a writer who, although far from a dissident, was not satisfied with the system. Nonetheless, the government granted him freedom to travel and other privileges.

If he is elected to Parliament, Mr. Heym, 81, would probably be its oldest member. That would give him the right to deliver the opening speech of the four-year session, a prospect that horrifies many established Bonn politicians.

Mr. Heym's race is complicated by the fact that his main opponent, Wolfgang Thierse, is one of the most respected politicians from East Germany.

VOTE: Rightists Gain

Continued from Page 1

sition leader in Parliament. The election was a particular defeat for Mr. Vranitzky because he ran a campaign based more on his personal leadership than on any specific policy issues. In the last poll published before the election, Mr. Vranitzky's party was projected to lose no more than 3 to 4 percentage points; instead, he lost twice as much ground.

In Salzburg, Klaus Mündle, an executive director of Austria's central bank and a member of the People's Party, tried to play down the results by terming them "unpleasant, but not a catastrophe."

He acknowledged in an interview that "this is the expression of discontent and unease with the performance of our government."

"We shall have to do better," he added. With 42 seats in the 183-member Parliament, a net gain of 9, Mr. Haider's party is likely to become a force to be reckoned with. The Social Democrats won only 66 seats, a loss of 14. The People's Party lost 8 seats and now has 52.

The Greens, breaking the 5 percent barrier for the first time to win 7 percent, or 13 seats, are expected to become a more prominent force. The Liberals, a recently formed centrist political grouping led by Heidi Schmidt, got 5.7 percent of the vote in their first general election, winning 10 seats.

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WORLD BRIEFS

Major Viewed as Easing on Sinn Fein

BELFAST (Reuters) — Foreign Minister Dick Spring of Ireland said Sunday that Britain might soon decide to talk to the Irish Republican Army's political wing, Sinn Fein.

Mr. Spring said Prime Minister John Major, who has steadfastly resisted talks with Sinn Fein, would have more room to maneuver once the annual conference of his governing Conservative Party, to be held this week, was out of the way.

The Irish government has already accepted Sinn Fein back into mainstream politics following the cease-fire that the IRA announced Aug. 31. But Britain continues to demand concrete assurance of the permanence of the cease-fire.

Italy 'Blind Trust' Idea Draws Scorn

TURIN (AP) — Prime Minister Silvio Berlusconi's main political ally but frequent critic, Umberto Bossi, scoffed Sunday at a proposal to separate the media magnate from the Italian gold-mining industry, insisting that it would create a blind trust, "just a little blind."

Mr. Bossi, leader of the Northern League, also urged a quick vote in Parliament on a cost-cutting national law to help settle foreign financial markets and bolster the Italian economy. The proposed budget, which calls for trimming pension and welfare benefits, has touched off a strong protest from unions, which fear a general strike for Friday.

Meanwhile, a report issued Saturday by a special panel recommended that political figures place any business interests with independent trustees, but ruled out a complete break. Mr. Berlusconi is locked in conflict with anti-corruption prosecutors looking into possible ownership fraud at a pay-television channel partly owned by his Fininvest company.

Turkish Troops Burn Kurd Villages

TUNCEL, Turkey (Reuters) — Security forces have burned down 17 more villages in eastern Turkey as they push through mountain terrain in their three-week offensive against Kurdish guerrillas, villagers said on Sunday.

U.S.-made Sikorsky and Super Cobra helicopters flew over Tunceli town all morning, ferrying in troops and launching rocket attacks against rebel positions to the northwest. They reported killing 11 guerrillas.

At least 200 families fled to the town of Hozat, in Tunceli Province, after they were driven from their homes on Saturday by security forces. The Interior Ministry says Kurdistan Workers Party guerrillas are mounting a propaganda campaign over the burning of villages to discredit the armed forces.

Crew Alive After Crash in Sumatra

JAKARTA (Reuters) — Two pilots and two technicians aboard a biplane that crash-landed on an Indonesian island while trying to retrace the first England to Australia flight in 1919 have been found alive, an official said Sunday.

A local rescue team was on its way to the south Sumatran capital, Lampung, near where the plane came down, a Jakarta airport official said. The plane, the "Shell Spirit of Brooklands Vimy," is an exact replica of the two-engine Vickers Vimy bomber biplane that made the original flight.

The pilots are Peter McMillan, 35, an American, and Lang Kidby, 47, an Australian, but the identity of the other two persons in the aircraft was not immediately known. The plane came down on a beach in Sumatra with engine trouble after taking off from Singapore with six more stops left on its 18,000-kilometer (11,250-mile) flight.

Wife's Challenge to Fujimori Backed

LIMA (AP) — The Human Rights Commission of the Organization of American States has declared that Susana Higuchi should be allowed to run for president of Peru against her estranged husband, President Alberto Fujimori, a newspaper reported.

The commission maintained that the government should allow Miss Higuchi to appeal a law that bans the president's immediate family members from seeking national office. La República reported. Congress passed the "Susana Law" in July.

Rightist Parties Gain in Belgian Vote

BRUSSELS (Reuters) — Extreme-right parties made strong gains in local elections in Belgium on Sunday, with the anti-immigrant Flemish Bloc nearly doubling its seats in Antwerp.

The bloc now has 18 seats in Antwerp, an increase of 8, making it the dominant party on the 55-seat city council. Political analysts said, however, that other parties would probably form a coalition in opposition to the extreme-right movement. Results were still trickling in, but analysts said the general trend was a swing to the right and losses in Socialist ranks.

TRAVEL UPDATE

Holiday Boom on Channel Predicted

LONDON (AFP) — More than 3 million Britons, a record number, will cross the English Channel during the Christmas season to shop in French ports, maritime companies said in estimates published Sunday.

Cross-Channel ticket reservations have increased about 15 percent over last year, which was also a record year.

Stena Sealink estimates that 1.5 million Britons will cross the Channel on their ferries to France during this period. Company officials at Stena Sealink worry that last month's sinking of the ferry Estonia in which more than 900 people died, combined with the planned public opening of the Channel Tunnel in November, will lower maritime reservations.

A new British airline, British Mediterranean Airways, will start a daily nonstop service between London's Heathrow airport and Beirut on Oct. 28. (AP)

Denver will inaugurate a light rail system Monday that will wind along a 5.3-mile (8.5-kilometer) route from downtown to nearby residential neighborhoods. Passengers will pay 50 cents or \$1, depending on the time of day. (NYT)

This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Argentina, Canada, Cuba, Japan, Kenya, Peru, South Africa, Taiwan, United States.
TUESDAY: Canada.
WEDNESDAY: Bahamas, Brazil, Chile, Costa Rica, Ecuador, El Salvador, Equatorial Guinea, Guatemala, Honduras, Mexico, Puerto Rico, Spain, Uruguay, Venezuela.
THURSDAY: Burundi, Hong Kong, Macao.
FRIDAY: Zaire.
SATURDAY: Burkina Faso.

Sources: J.P. Morgan, Reuters.

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★POLITICAL NOTES★



President Clinton discussing the situation in Iraq with his national security adviser, Anthony Lake, who with Secretary of State Christopher has been under fire.

Christopher Remains in Clinton Limbo

WASHINGTON — At the beginning of the Haiti occupation three weeks ago, while on a trip to Chicago, President Bill Clinton put in a quick morale-boosting phone call to Secretary of State Warren M. Christopher. He told him to pay no attention to reports that the White House had lost confidence in him and that his days were numbered.

The days for such awkward reassurances were supposed to have been over for Mr. Christopher. Summer was to have been a time of redemption, when he would take charge of a floundering foreign policy to show Mr. Clinton that he could handle looming challenges in Bosnia, North Korea and Haiti. Instead, Mr. Christopher and, to a lesser extent, the national security adviser, W. Anthony Lake, remain at the center of concerns over Mr. Clinton's low popular standing in foreign policy. Even as White House officials cautiously declare the Haitian occupation a success-in-the-making, Mr. Christopher's role as foreign policy shepherd remains in doubt.

Mr. Clinton is publicly committed to his national security team. But he is also sticking to a summertime pledge to reassess the roles of Mr. Christopher, Mr. Lake and others before the new year begins.

"I do not believe the president has addressed the issue," said a senior official who has discussed their roles with Mr. Clinton in recent weeks. "I believe he may do so, but has not now. He remains an agnostic on it, unwilling to think about it until he has to think about it. Nothing has changed, and certainly it is a strong possibility nothing will." (WP)

Mayor's Race a Tough Call for The Post

WASHINGTON — With the election for mayor a month away, The Washington Post has faced three choices, all unpleasant. One alternative would be for the paper, whose endorsement has often been the deciding factor in local political contests, to endorse former Mayor Marion S. Barry Jr., who handily won the Democratic primary last month. But The Post revised Mr. Barry in its endorsement of one of his opponents in the primary and again in an editorial three days after the vote.

A second alternative would be to endorse Mr. Barry's next opponent, Carol Schwartz. But she is a white Republican in a city where two-thirds of the population is black and where only 8 percent of the registered voters are Republicans. Such an endorsement would be seen by many blacks as the height of arrogance.

The third possibility would be to endorse no one or someone with no chance of winning, like a write-in or fringe-party candidate. But in journalism circles such a step would be viewed as irresponsible. If The Post cannot decide, the thinking goes, how are voters to make a choice?

"If I were they, I'd be feeling very much boxed in," said Reese Cleghorn, dean of journalism at University of Maryland. "This is a terribly difficult thing for The Post." (NYT)

For Virginia Voters, Issues Finish Second

WASHINGTON — Ask Virginia voters what they want from their next senator, and most say: Vote to ban assault weapons. Support voluntary prayer in public schools. Oppose military intervention in Haiti. Back term limits for Congress.

Of course, none of the three U.S. Senate candidates are promising to do everything the people want. But even if any of the candidates were embracing the public's agenda, a new Post survey suggests, the voters might be the last to know.

The survey found that the overwhelming majority of likely voters in next month's election do not know where the Senate candidates stand on many of the major issues in the campaign — including topics that Virginians say matter the most to them, such as violent crime, education and the economy.

What is more, most voters do not even know whether the candidate they support agrees with them on the issues. The results clearly suggest that the character of the men running — in a race where both major-party candidates are dogged by controversy — will be the deciding factor.

Against that backdrop, the Senate race enters its final month in a statistical dead heat, with the Republican nominee, Oliver L. North, the choice of 42 percent of the likely voters interviewed and the incumbent Democrat, Charles S. Robb, supported by 41 percent. An independent, J. Marshall Coleman, is favored by 9 percent of those interviewed, while 8 percent remain undecided. (WP)

Quote/Unquote

Senator Alan K. Simpson of Wyoming, the deputy Republican leader, complaining of attacks on what he called his party's "principled opposition": "The president and some in the media have tried to characterize my party as a bunch of Cro-Magnons standing in the mouth of a musty cave with our clubs, using arcane legislative procedures to disrupt the greatest and loftiest ideas for an ever-expanding federal role in our daily lives." (NYT)

The 103d Congress: Two Years of Divisive Bitterness

By Adam Clymer

New York Times Service

WASHINGTON — The 103d Congress quit for the elections over the weekend, leaving behind a bitterly disputed record of legislation passed, defeated and put off.

As it closed its books, the Senate overcame the 28th Republican filibuster in two years and voted to protect millions of acres of California desert. Some senators who had already returned to their states to campaign had to fly back to the capital to vote.

That frantic footnote sent President Bill Clinton the first significant environmental bill of this Congress. Mr. Clinton and congressional Democrats looked back over 21 months that began with high hopes that a new president and more than 100 new members could solve dozens of problems they

said had been ignored in 12 Republican years. But they were dogged by defeats on health care, campaign finance and frustrating delays on many issues.

They argued, however, that accomplishments in trade, education, crime and deficit reduction had earned a respected place in history.

In listing accomplishments, Republicans agreed with Democrats only on trade — an issue both sides managed to leave unfinished until Congress returns after the elections to vote on the global trade agreement. The vote last year on the North American Free Trade Agreement was indeed one of only a handful of truly partisan law-making efforts, repeatedly praised by Republican leaders like Senator Bob Dole of Kansas, the minority leader, and Representative Newt Gingrich of

Georgia, the minority whip, as the kind of Democratic leadership they wanted to see more of.

Democrats were also keenly aware of the session's failures. Senator George J. Mitchell of Maine, the departing majority leader, told the Senate of his unhappiness with the failure of health care and campaign spending legislation.

"The disappointments of recent months are real," he said, but "we made a significant difference in the economic direction for the better — more jobs, lower inflation, declining deficits — than the country has seen for a dozen years."

"Fast start, slow finish, too much rancor," was how Representative Pat Williams, a Montana Democrat who managed one of the many health insurance bills, described this Congress.

Where Democrats claimed the \$30 billion crime bill this summer as an accomplishment, providing more money for police, prisons and crime prevention, Republicans scoffed, calling it too soft. Mr. Dole said the legislation was filled with pork-barrel projects, calling it "big pig."

The deficit issue remains perhaps the sharpest division of all. Fourteen months after it passed without a single Republican vote, Democrats say it has spurred economic growth and confidence; Republicans continue to blast it as no more than a tax increase.

Generally, Republicans saw congressional success only where the Democrats saw failure.

On that issue and many others, the Republicans were remarkably unified, while the Democrats, with solid-looking majorities, were really too shaky to

let them push more than one measure at a time.

That made the variety of bills passed in 1993 a legislative tour de force. But it also made 1994, with its yearlong focus on health care, seem even more a failure, with attention significantly diverted from that defeat and others only by passage of the crime bill.

There was no doubt that this Congress disappointed voters.

In January 1993, a New York Times/CBS News Poll showed that most Americans expected the government to work better now that one party controlled the White House and Congress and about half believed that more than 100 new members would help Congress improve. By last month, only 19 percent said Congress had accomplished more than it does in a typical two-year period.

U.S. Presses Aristide on Cabinet

President Is Urged to Choose a Moderate Prime Minister

By Daniel Williams

Washington Post Service

WASHINGTON — The United States is pressing Haiti's exiled president, the Reverend Jean-Bertrand Aristide, to choose a prime minister who is friendly to the country's well-off establishment when he returns to power under U.S. military protection.

The U.S. goal is to ensure that Father Aristide does not ignite class warfare by reverting to the radical, populist style that made him the favorite of Haiti's poor.

Washington wants to minimize the risk of violence, especially while American troops are in Haiti with some responsibility for keeping the peace. In addition, the United States believes the new government will need business support.

The candidate mentioned most frequently by U.S. officials is Robert Malval, a wealthy businessman and former prime minister. He fell out with Father Aristide early this year over the latter's opposition to broadening the cabinet to include more moderate political rivals. But the State Department is reluctant to campaign openly for anyone.

"We would like to see him choose someone with broad political appeal," said the department spokesman, Michael McCurry. "Not a conservative, but someone who will be seen by the elites as a person interested in getting things to run smoothly and not settle old scores."

The search for a middle-of-the-road leader is an old feature of American interventions abroad. It was accomplished successfully in post-World War II Italy, unsuccessfully in Vietnam, and over the years in sev-

eral Latin American countries, with mixed results.

Father Aristide's advisers are wary, fearing the Haitian leader will in effect be neutralized by a prime minister beholden to Washington and to Aristide opponents in Haiti. "The real issue is informed by the U.S. determination that Aristide will be straitjacketed when he goes back to Haiti," said Burton Wides, an American adviser to the Haitian leader.

Aides to Father Aristide are keeping his choice of prime minister secret, although it would appear that Mr. Malval is not in the running. Father Aristide's public relations team sent out an "update" last week that noted Mr. Malval had resigned. It said the post would be filled "at the appropriate moment," that is, not until Father Aristide was back in Haiti.

South Korea Makes It Harder To Get an Accord With North

By T. R. Reid

Washington Post Service

SEOUL — With another tense round of U.S.-North Korean negotiations under way in Geneva on Pyongyang's nuclear program, some Western experts say South Korea is trying to anger and alarm the North, and thus make it harder for Washington and Pyongyang to reach an agreement.

"The hard-liners in the South Korean government do not want a deal between the U.S. and the North," said Stephen W. Linton of Columbia University, one of the top U.S. scholars in Korean affairs. "Unfortunately, that group seems to be in control, and they are trying to block anything substantial happening in Geneva."

For weeks now, South Korean officials have criticized the U.S. approach to the Geneva talks. But the suggestion that Seoul is working to sabotage the U.S. position adds a new dimension to this dispute between allies.

The evidence includes South Korea's crackdown on any of its citizens who tried to go to the funeral of North Korea's self-styled "Great Leader," Kim Il Sung, or even mourn his death.

"The hard-liners have decided that their best bet now is to poison the atmosphere and make it impossible for the U.S. to get any agreement out of the North in Geneva," said Mr. Linton, who grew up in North Korea and has visited the North several times.

The deeper problem, scholars and diplomats say, is the changing diplomatic chemistry on the Korean Peninsula. It is harder these days for the United States and South Korea to agree or trust each other when it comes to dealing with Pyongyang.

"We can no longer say that South Korea's interests, which are North-South matters, coincide with the rest of the world's interest in blocking nuclear development" in North Korea, said Günter Unterbeck, a former East German diplomat and student of North Korea. "The danger is that South Korea's actions will make it impossible to get agreement on the nuclear issue."

South Korea is plainly uncomfortable about some developments. Last month, Seoul's

foreign minister, Han Sung Joo, made a hurried trip to Washington to tell Secretary of State Warren M. Christopher personally how frightened Seoul was by the thought of a U.S.-North Korea agreement.

On Friday, in an interview with The New York Times, President Kim Young Sam worried aloud that the United States might "settle with a half-baked compromise."

Observers point to a clear hardening of South Korea's stance in recent weeks, even as North Korea appeared to be moving toward some sort of agreement with the West on its nuclear program.

"Early this summer, there were encouraging signs of better relations, between North and South and between North Korea and the rest of the world," Mr. Linton said. "But South Korea stomped on the brake. Did that have an impact on Geneva? You bet it did."

South Korea's deputy prime minister, Lee Hong Koo, a Yale graduate whose official portfolio includes planning for reunification, agrees that Seoul's policy stance has hardened, and that this has cooled efforts toward resolution of the nuclear question.

The South's tougher stance toward the North "was not useful," Mr. Lee said, "but it was necessary."

It was necessary, he explained, in the context of South Korean domestic politics. A conciliatory stance toward the North, such as the Clinton administration has been urging, "would create great political fever and division in the South," Mr. Lee said.

South Korean officials deny that they are trying to undermine the U.S. negotiators. American officials have said they intend to cooperate closely with South Korea on Korean policy.

But officials at the U.S. Embassy here, normally ready and willing to talk with reporters, now decline to discuss the Geneva talks.

■ Geneva Talks Go On

Top U.S. and North Korean negotiators held more than three hours of "serious and businesslike" talks Saturday on easing the crisis over Pyongyang's suspected nuclear arms

program, Agence France-Presse reported from Geneva. A U.S. spokesman said the talks would continue Monday.

AMERICAN TOPICS

The Santa Fe Furniture Fantasy

The Santa Fe style — that rough-hewn, faintly tinted, gently dilapidated look that has become a \$1.5 billion furniture market — is based on fantasy rather than fact, according to Keith Bakker, a furniture conservator trained at the Smithsonian Institution in Washington. The Santa Fe look is a product of the New Mexico sun and an aesthetic misunderstanding by tenderfoot, romantic Easterners.

Mr. Bakker examined rare samples of early Santa Fe furniture. His findings indicate that the genuine article, by the people who lived in New Mexico from the 1600s to the turn of this century, was neither scrubbed nor primitive. Instead, Mr. Bakker says, the bare wood tables, chairs and chests were originally painted in bright colors, like the Greek statuary that faded to white marble over the centuries.

Mr. Bakker's theory is that around the turn of the century, New Mexicans began to get goods by mail order, including new furniture from the East Coast. So they put their old furniture on the front porch, or in the barn, or sometimes left it out in the open. The strong sun quickly bleached the paint away, leaving faint smudges of blue or red on bare wood. Naïve Anglos bought the battered relics, varnished them and placed them with pride in their living rooms. A trend was born.

About People

Former President Gerald R. Ford got a college athlete's ultimate honor on Saturday. His alma mater, the University of Michigan, retired his number, 48. Mr. Ford and his wife,

Betty, rode into the university's vast football stadium at halftime during Michigan's annual showdown against archrival Michigan State, which Michigan won, 40 to 20. "May I say how proud I am," Mr. Ford told the crowd of more than 100,000. Mr. Ford earned three varsity letters during 1932-34 and was the Wolverines' most valuable player his senior year as starting center.

Short Takes

A 67-foot (20-meter) concrete statue of Sam Houston, the first president of the Republic of Texas, will be inaugurated Oct. 22 in Huntsville, which is best known as the site of the most active execution chamber in the United States. Houston lived in Huntsville his last years and died in 1863. The sculpture is described as the tallest free-standing figure of an American historical figure. As The New York Times notes, this rules out Mount Rushmore, which is not free-standing, and the Statue of Liberty, which is mythic, not historical.

Victoria Ingram and Randall Curlee of Mission Viejo, California, plan to marry this week and honeymoon in the hospital, where a doctor will transplant one of Miss Ingram's kidneys into Mr. Curlee on Wednesday. Mr. Curlee, 46, who knew he needed a transplant, had taken Miss Ingram, 45, to see his doctor so she would understand how his diabetes would affect their future. The doctor warned that only 4,000 kidneys become available each year for the 36,000 people awaiting a transplant. Mr. Curlee's relatives weren't compatible as donors. Miss Ingram urged that she be tested. It turned out that, in a million-to-one coincidence, their immune systems were identical. "It was like winning the lottery," Mr. Curlee said. "I feel gifted," Miss Ingram said. "It's something I can give him that we'll both enjoy."

International Herald Tribune.

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Göteborg

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dep. 08.00

Milano

dep. 09.15

München

dep. 09.25

Paris

dep. 08.10

Roma

dep. 09.05

Stockholm

dep. 08.30

Stuttgart

dep. 09.00

Torino

dep. 09.15

Venezia

dep. 09.05

Zürich

dep. 09.35

Bratislava

arr. 13.45

Bucaresti

arr. 14.35

Budapest

arr. 12.40

Kiev

arr. 14.50

Ljubljana

arr. 15.40

Minsk

arr. 14.35

Moskva

arr. 16.10

Odessa

arr. 15.05

Praga

arr. 15.45

St. Petersburg

arr. 16.15

Sofia

arr. 14.40

Timisoara

arr. 14.35

Tirane

arr. 14.05

Vilnius

arr. 14.55

Warszawa

arr. 12.45

Zagreb

arr. 12.45

Away From Politics

• The Supreme Court will decide whether states may provide lower welfare payments to new residents. A federal appeals court had ruled that such restrictions violate the constitutional right of interstate travel, depriving newly arrived poor people of the ability to obtain shelter and other necessities.

• The Hispanic population outnumbered that of blacks in Los Angeles, Houston, Phoenix and San Antonio and is poised to overtake that of blacks in New York

as immigration has surged, Hispanic birth rates have outpaced those of other groups and non-Hispanic whites and middle-class blacks move to the suburbs.

• Seeking to bolster their argument that police officers may have mishandled or planted evidence in the O.J. Simpson murder case, Mr. Simpson's attorneys have asked four detectives to supply hair samples so that they can compare them with a hair from a bloody glove found at the murder scene. Sources close to the

case said the request infuriated the officers.

• The veteran television anchorman Robert MacNeil will announce this week that he plans to retire from "The MacNeil/Lehrer NewsHour" next year, public-television sources said. The native Canadian, who will turn 65 in January 1996, and his co-anchor, Jim Lehrer, will celebrate their 20th year together in 1995. (LAT, WP, NYT)

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Iraqi "volunteers" demonstrating Sunday in Baghdad with photos of Saddam Hussein.

Thousands 'Volunteer' in Iraq

'Saddam Commandos' Back Anti-Sanctions Campaign

BAGHDAD — Iraqi officials said Sunday that thousands of volunteers were rushing to join "Saddam commando" units, vowing to fight to the death if the United Nations refuses to ease sanctions against Iraq.

About 4,000 of them gathered in a stadium in Baghdad. Still wearing civilian clothes, they shouted slogans in praise of President Saddam Hussein and his demand that UN sanctions be eased.

A woman named Salima Abbas said she wanted to avenge her sons, who she said were killed when U.S. planes bombed Baghdad during the 1991 Gulf War.

Officials said recruiting centers were open throughout the country and that volunteers were reporting in the thousands for a force to be called "Saddam commandos." There was no indication when they would be trained or armed.

The Baghdad government has set a deadline of Monday for action on the sanctions. This is when Rolf Ekens, the UN official in charge of monitoring Iraq's arsenal under Gulf War cease-fire terms, is due to report back to the Security Council.

Baghdad last week warned of unspecified consequences if the UN decided to maintain its embargo. More than 60,000 Iraqi soldiers are now stationed near the border with Kuwait.

Iraq also threatened to prevent UN arms inspectors from checking on weapons and military industries in Iraq. But a UN spokesman said on Sunday that the inspectors were working normally.

Life appeared calm in Baghdad on Sunday although residents said many basic food stuffs were scarce and prices high. There were also long lines for gasoline.

Many people doubted that another war was imminent. "We are no longer afraid of bombs," a taxi

driver said. "It would never be like when Bush attacked us."

Residents complained of the hardship brought on by the sanctions. "If we cannot eat, we will starve," a street-sweeper said. "Better to fight and die in action like brave men than die of hunger like cowards."

The newspaper Qadisiya said in an editorial: "We have made the decision to confront the unjust embargo with all determination and courage. We totally reject the starving of Iraqis in such a vicious and barbaric manner."

Meanwhile, armed UN observers stepped up patrols Sunday on the Iraq-Kuwait border. The observers monitored several hundred unarmed people who have erected tents on the Iraqi side of the frontier, apparently to hold an anti-Kuwait rally.

Sheikh Zufairi, founder of a rights group in Iraq, said the camp was a "peaceful protest movement which aims to draw world attention to the situation of these Kuwaitis deprived of their nationality and civil rights."

Speaking in his Baghdad office, provided by the Iraqi authorities, Sheikh Zufairi said: "We are civilians. We have no weapons. We chose this area to camp in order to attract world attention."

Many stateless Arabs left Kuwait during or soon after the 1990-91 Gulf crisis. Almost none of them has been allowed back.

The border demilitarized zone, a strip 15 kilometers (9 miles) wide, remained quiet.

But a spokesman for the UN Iraq-Kuwait Observer Mission said: "The number of armed patrols has increased, and we are keeping our vigilance."

The UN set up the DMZ and deployed the mission along it in 1991. Its job is to ensure that no unauthorized military personnel enter the zone. Iraqi and Kuwaiti police are allowed in.

(Reuters, AP, AFP)

Israel Vows Retaliation If Attacked By Scuds

Compiled by Our Staff From Dispatches

JERUSALEM — Foreign Minister Shimon Peres of Israel said Sunday that Iraq apparently no longer had the capability to launch missiles at Israel, but he added that any Scuds fired in surprise would draw "an unprecedented" counterattack.

Iraq fired Scud missiles at Israel while the U.S.-led alliance expelled the Iraqi Army from Kuwait in the 1991 Gulf War. Israel, under U.S. pressure, did not take action that could anger Arab allies in the coalition, did not hit back.

"If he tries again to fire Scuds, which according to all signs he no longer has, then I think he will invite on himself an unprecedented attack," Mr. Peres was reported as saying in Paris by Israel Radio.

In its morning newscasts at the start of the workweek in Israel, the radio highlighted comments by unidentified Israeli defense sources that tensions along the Iraq-Kuwait border did not pose any danger to the Jewish state.

Dan Shomron, who commanded Israel's Army during the Gulf war, said the Iraqi leader is unpredictable and could still try to attack Israel using aircraft and missiles.

But Israel, now accepted by much of the Arab world and negotiating peace with the Palestinians, would no longer be constrained by concerns of breaking up an Arab coalition against President Saddam Hussein, he said.

"The man remains the same unpredictable man, but all the other conditions have changed," the retired lieutenant general told Israel Radio.

Palestinian leaders, who backed Baghdad during the 1991 war, were taking a cautious line Sunday and called for a peaceful solution. Nabil Shaath, the official in charge of international cooperation for the Palestinian self-rule authority, said the authority was greatly concerned and urged a peaceful settlement.

The Iraqi rout in 1991 saw the expulsion of tens of thousands of Palestinian workers from Kuwait and a cutoff of funds to the Palestine Liberation Organization from the oil-producing Gulf states. During the war, Palestinians in the occupied territories, who were put under curfew, cheered as Scud missiles hit Israel.

Jordan, which sympathized with Baghdad in the crisis over Iraq's invasion of Kuwait, said Sunday it was opposed to the use of force to resolve inter-Arab disputes under any "pretext."

A government spokesman, quoted by state news agency Petra, said that "the possibilities of escalation of the situation will not be in the interest of any Arab." (Reuters, AP, AFP)

Kuwaitis Never Regained Faith in Nation

By Chris Hedges

New York Times Service

KUWAIT CITY — With its gleaming high-rises, lavish shopping malls and well-groomed highways, Kuwait looks as if it has lifted itself out of the destruction and morass of war. But the glitter and affluence mask a country that has lost faith in itself, lives in fear of a resurgent Iraq and sees a future darkened by forces beyond its control.

"There is a scramble to get another passport, to teach children other languages besides Arabic and to keep our money outside the country," said a leading businessman, who spoke on condition of anonymity.

"There is a feeling that if Iraq to the north does not get us, the fundamentalists, backed by a growing movement in Saudi Arabia, will."

Three and a half years after the Gulf War, the sense of insecurity was palpable on a recent visit to the country. It has driven many Kuwaitis into the arms of Islamic fundamentalists, who preach that the country has been punished for its moral laxity and loss of faith.

It has also fueled a sense of hopelessness among other young Kuwaitis, who see no future in their country, look to the West and revel in American popular culture and habits.

"The war acted like a volcano," said Haya Mughni, a sociologist. "It spread out and exaggerated extremes that already existed within the society before occupation."

UN sanctions against Iraq, still in place, have done little to change Baghdad's behavior.

And senior Iraqi officials warned the United Nations last week that they would "retaliate" if the Security Council, as expected, decides on Monday to maintain economic sanctions. Their meaning was unclear.

"There has been no change in the Iraqi stance toward Kuwait since the war," said Abbas Habib Mounar Mussein, chairman of the Kuwaiti Parliament's Defense and Interior Committee. "As long as Saddam Hussein is in power we are concerned."

But Iraq is only one of many troubles besetting Kuwait. The ruling Sabah family, discredited in the eyes of many Kuwaitis when some members fled the invading Iraqis, promised to liberalize the political system and the press. Parliament was revived in 1992 elections and political reforms were debated.

"It was the new democratic leadership that many hoped would be able to restore Kuwaitis' faith in the government and self-confidence," a Western diplomat said, "but the ruling family has only been stalling for time."

Members of Parliament have mounted a fierce campaign to prosecute officials, many from the ruling family, suspected of skimming billions of dollars from the government or losing it through mismanagement.

The press carries reports on official corruption and ineffective leadership that would be unthinkable in Saudi Arabia. But power remains in the hands of the ruling family, which failed to prepare the country's defenses.

Parliament's inquiries into the behavior of senior officials have so far yielded little. And the political reforms, which would have given women the vote and

allowed political parties to form, have sputtered out.

The most powerful political figure is Prime Minister Sheikh Sabah al Abdullah al Sabah, who is also the crown prince. The prime minister can only be appointed or removed by the emir, Sheikh Jaber al Ahmad al Sabah.

"As long as the al Sabah family is able to handle the public finances," said Mubarak Adwani, a political analyst, "it will keep tremendous power within its hands."

The frustration with the slow pace of reform has seen many Kuwaitis, and especially those under 21, who make up 60 percent of the population, give up on the political system.

An increasing number embrace Islamic fundamentalists, who have the largest single bloc in Parliament. Mosques that were empty before the war are now overflowing during Friday prayers, and the movement has contacts with other militant groups in the region.

"The fundamentalists promise their followers that they are part of a movement that is destined by history to succeed," Mr. Mughni said.

In contrast, many young Westernized Kuwaitis embrace American pop culture with gusto. One recent night dozens of young Kuwaitis crammed into a luxury penthouse overlooking the coast. Rap music could be heard blocks away as couples danced or threw back shot glasses of tequila, although alcohol is banned.

"Kuwait is like West Berlin during the Cold War," shouted a young man. "We know at any moment we could be finished off, so we drink and party until they come to get us."

Anthony Lake, the national security adviser, and others for an update. He was also briefed on additional deployments planned under what one official called "a master plan" approved Friday that leaves open a variety of steps.

A senior official said Mr. Clinton was mulling over whether to publicly insist that Mr. Saddam move his troops away from the border, even though there is no UN or other requirement limiting movement of Iraqi troops within the country. Another official said the administration was also discussing issuing deadlines for such movement.

Mr. Clinton on Sunday faced the first public opposition to his moves against Iraq in a harsh denunciation by Ross Perot, the billionaire independent who accused him of hyping the situation for political gain before the midterm congressional elections. Mr. Perot derisively referred to the president as a "draft-dodger" who could not be trusted as commander in chief.

Mr. Clinton said that Mr. Saddam must be very worried about disintegration of his armed forces and society in general. "What can he do to feed these troops?" asked an Iraqi in Kurdistan. "Do you think they are going to stay massed in the desert waiting for an air strike?"

If his past performance in the 1990-91 Gulf crisis is a gauge, Mr. Saddam can be expected soon to offer a face-saving package deal to extricate himself, perhaps offering to trade Iraqi recognition of Kuwait's borders and sovereignty for an easing of the sanctions regime.

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JAPAN: CIA Spent Millions on the Long-Ruling Party

Continued from Page 1

tor of the Liberal Democratic Party's management bureau, said he had never heard of any payments.

"This story reveals the intimate role that Americans at official and private levels played in promoting structured corruption and one-party conservative democracy in postwar Japan, and that's new," said John Dower, a leading Japan scholar at the Massachusetts Institute of Technology. "We look at the LDP and say it's corrupt and it's unfortunate to have a one-party democracy. But we have played a role in creating that mishapen structure."

Bits and pieces of the story are revealed in U.S. government records slowly being declassified. A State Department document in the National Archives

describes a secret meeting in a Tokyo hotel at which Eisaku Sato, a former prime minister of Japan, sought under-the-table contributions from the United States for the 1958 parliamentary election.

But the full story was pieced together through interviews with surviving participants, many well past 80 years old, and descriptions of still-classified State Department documents explicitly confirming the Kennedy administration's secret aid to the Liberal Democrats in the early 1960s.

The CIA's help for Japanese conservatives remained secret in part because it succeeded. The Liberal Democrats thwarted their Socialist opponents, maintained their one-party rule, forged close ties with Washington and fought off public opposition to the United

States' maintaining military bases throughout Japan.

One retired CIA official involved in the payments said, "That is the heart of darkness, and I'm not comfortable talking about it, because it worked." Others confirmed the covert support.

"We financed them," said Alfred C. Ulmer Jr., who ran the CIA's Far East operations from 1955 to 1958. "We depended on the LDP for information." He said the CIA had used the payments both to support the party and to recruit informers within it from its earliest days.

"The principle was certainly acceptable to me," said U. Alexis Johnson, United States ambassador to Japan from 1966 to 1969. "We were financing a party on our side." He said the payments continued after he left Japan in 1969 to become a senior State Department official.

The CIA supported the party and established relations with many promising young men in the Japanese government in the 1950s and 1960s. Some are today among the elder statesmen of Japanese politics.

The covert aid apparently ended in the early 1970s, when growing frictions over trade began to strain relations between the United States and Japan, and the growing wealth of Japan made the agency question the point of supporting politicians.

"By that time, they were self-financing," a former senior intelligence official said.

"Tomorrow we should hear that Cedras has left," he said. "But don't clap your hands too much. There is still much work to do." (AP, Reuters, AFP)

HAITI: Junta's End

Continued from Page 1

the actions we could take to make that transition more peaceful," Mr. Perry said of the one-day visit.

The status of General Cedras has shifted from military strongman to lame duck since U.S. forces arrived on Sept. 19. This could be seen in the taunts Haitians hurled at his motorcade Saturday and in the huge pro-Aristide demonstration that surged past military headquarters the day before.

The U.S. military occupation has neutralized the army, and apparently broken the back of the paramilitary network.

Parishioners at St. Gerard Roman Catholic church cheered when the Reverend Gerard Jean-Tiste, an official in the Aristide government that was toppled three years ago, announced General Cedras' imminent departure.

"Tomorrow we should hear that Cedras has left," he said. "But don't clap your hands too much. There is still much work to do." (AP, Reuters, AFP)

RUN: Bordeaux Marathon a Gourmet Treat, Sort Of

Continued from Page 1

Rolan de By, a group of us, including experienced marathon runners, embarked on some trepidation about the unusual hazards.

"The trick is to drink nothing but water for the first half of the race, then move on to other liquids," Mr. Guyon said. "As for tasting the wine, I don't care if it's Lafite-Rothschild; don't swallow or you'll die."

As we headed south toward the village of Saint-Julien, the first temptation loomed at the 6-kilometer mark as the famous stone dome of Chateau Latour came into view. Dutifully, we stuck to water.

The impressive stone gateway of Chateau Latour-Las Cases signaled our arrival in Saint-Julien, whose gravel plateau has imbued the local wines with a reputation for harmonizing fragrant grace with power.

Nibbling raisins but steering clear of the wine, our horde forged ahead to Chateau Beycheville. The course then wound through manicured vineyards bulging with grapes as field workers shouted en-

couragement and offered sausages, cheese, wine and water. We kept in mind Mr. Guyon's advice even as we passed aristocratic chateaus whose names alone stirred the taste buds: Gaud-Lacoste, Lévillat-Poyferré, Pichon-Longueville, Grand-Puy-Lacoste.

At the halfway mark, our abstemious crew was ready for a short break. Other companions who had chosen to follow the course on bicycles had staked out an ideal rest stop near the Mouton and Lafite estates, the two properties nurtured over the years by the Rothschild banking fortune to achieve some of the greatest, most expensive wines in the world.

Summoning second wind, we trudged up the slopes of Cos d'Estournel, the most glamorous of the wines of Saint-Estephe. But as the sun emerged from the clouds, heat and fatigue began to take their toll.

Upon entering the wooded park surrounding Chateau Marbuzet, the scene resembled a battlefield. Physicians were draining drip bags into the arms of stricken runners and closely monitoring heart rates as am-

lances struggled to reach the medical tent planted among the vineyards to evacuate the fallen.

"Drink more water, and don't skip the oysters further along the course," one young medic advised. "It helps replenish the salts and minerals."

Sure enough, the oyster stand at the 37-kilometer mark was packed with hungry runners eagerly following the doctor's prescription. We skipped the accompanying glass of white wine but sucked in the briny creature with relish. Restored and refreshed, just as French medical wisdom had promised, we surged past the last of the great chateaus, Grand-Puy-Ducasse, and crossed the finish line back at the Pauillac docks.

After a quick checkup by cardiologists and a recuperative nap, most of the runners were ready for what the French call "a serious meal." Enormous servings of fish, tripe, duck, salad, cheese and fruit tarts were passed among the famished participants, and glasses of M-doe's finest were raised time and again to toast Mr. Guyon's sensible strategy of deferred gratification.

CULT: Mystery Deepens

Continued from Page 1

investigators, the passports of Mr. di Mambro and his wife arrived at the Interior Ministry in Paris during the weekend in a mysterious package addressed to Interior Minister Charles Pasqua, the ministry said, without giving details.

That was not the only French connection. Police searching a farmhouse in the commune of Aubignan, in southern France, that had been used by the sect in August discovered Saturday that it had been booby-trapped to explode on the same night as the fires at the farmhouse in this village, 80 kilometers north of Geneva, and in Granges-sur-Salvan.

As the investigation progresses, there is increasing speculation that the motive for the crime could be financial. The Canadian and Swiss police have confirmed that they are inquiring into reported money laundering with the well-heeled cult having been used as a front for funneling illicit funds into legal bank accounts.

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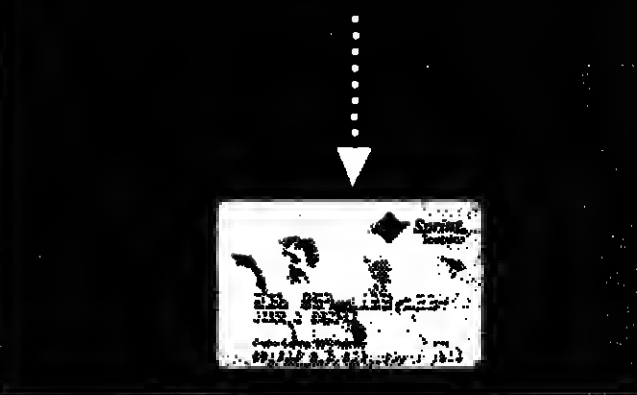
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Belarus	00301-0014	Hungary	0036-1-111	Luxembourg	00352-4777	Russia (other cities)	233-0823
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Belize	504-223-0877	India	0091-11-111	Malaysia	603-2521	San Marino	37

Taiwan Enclave in Hong Kong Is Doomed

By Kevin Murphy
International Herald Tribune

HONG KONG — With hundreds of Nationalist Chinese flags flying, Mandarin in the air and construction machines pounding away in the distance, the ramshackle fishing village of Rennie's Mill could be almost anywhere in Taiwan.

But this redoubt, the last stop for Kuomintang soldiers and their families stranded after losing the war to the Communists in 1949, thrives instead in Hong Kong — for a few more months anyway.

Monday will be the last time Taiwan's National Day, or "Double Tenth," is celebrated in this pro-Taipei stronghold on a secluded cove now only minutes by ferry or minibus away from central Hong Kong.

After years of trying to move about 6,000 villagers from their 44-year-old squatters' camp, the Hong Kong government is close to clearing the land for a huge new public housing complex.

The colonial administration will also be ridding itself of a ticklish political problem that has flared anew in the preparations for Hong Kong's return to China in 1997.

"The Communists won't allow a place like this to exist when they take over," said a man who declined to give his name, echoing a widely held suspicion among older residents of the warren-like settlement. "It all has to be settled by 1997."

The Hong Kong government has always had a careful line to

toe between mainland China and its Taiwanese rivals.

Taiwan retains a significant but increasingly lower-profile presence in Hong Kong that extends far beyond Rennie's Mill.

Burgeoning Taiwanese-Chinese trade and investment still largely flow through Hong Kong, the two enemies have yet to open direct economic or transport links.

But as a new dispute between China and Hong Kong over the Double Tenth celebration demonstrates, that relationship can squeeze those caught between the two political rivals.

China has blocked the Hong Kong government's effort to negotiate air service agreements governing commercial traffic between the colony and Taiwan. It also intervened in negotiations between securities authorities from both jurisdictions in June over an agreement that would allow Taiwanese investors into Hong Kong's financial futures market.

More recently, China has criticized a Hong Kong government decision to allow a pro-Taiwan group to hire a public hall for a National Day celebration, charging that the move endorses a "two Chinas" policy, which Beijing bitterly opposes.

Despite strong diplomatic protest by Beijing, Hong Kong argues that stopping the celebration on political grounds

would breach current anti-discrimination laws.

The new tensions have heightened concerns about the future among some of the Rennie's Mill residents and Taiwanese and Hong Kong government officials alike, who wonder if China intends to change its stance on Taiwan's role in Hong Kong.

"Some of the villagers are scared that if we don't settle with the Hong Kong government on compensation for the move, it will be left to the government after 1997 and they will get nothing at all," said James Wong, secretary of the Rennie's Mill Action Committee.

In preparation for 1997, Taiwan has closed the newspaper it controls, the Hong Kong Times, muted its propaganda machine and moved to put all its semiofficial representative offices in Hong Kong under the control of the Mainland Affairs Council instead of its Foreign Ministry.

Susie Chiang, who heads Taiwan's information office in Hong Kong, which recently changed its name from the provocative Free China Review to the Kwang Hwa Cultural and Information Center, said, "China has made it quite clear: We can stay, but they want us to keep a low profile."

An Anti-Deng Heresy Gets Wide Play

By Patrick E. Tyler
New York Times Service

BEIJING — The Communist Party ideology here these days is that the economic reforms begun by Deng Xiaoping should prepare China for the next hundred years and that any Chinese leader who tries to reverse them will be overthrown.

But a new and ominous portrait of Mr. Deng's economic program has begun to appear, suggesting that latent political opposition to the 90-year-old paramount leader is beginning to emerge.

A book that was circulated during the summer suggested that Mr. Deng had led the country into a "trap" of rapid economic growth, where socialist values were eroding and the control systems that used to keep peasants productively engaged on the land were being destroyed.

That heretical challenge to party policy appeared in "Looking at China Through a Third Eye." While the book's authorship is mysterious, its publication suggests cracks in the ideological conformity strictly enforced by Mr. Deng and his chosen heirs during the last five years.

The book said that China's 800 million peasants "are like a living volcano, which could erupt at any time," and it suggested that Mr. Deng's economic policies have neglected to provide any substitute social controls to prevent mass migration to the cities by peasants who might "stir up trouble."

The debate over the merits of estab-

lishing a "socialist market economy" was won by Mr. Deng's reformers. But Communist conservatives, repulsed by corruption, what they call money worship and the movement toward individualism, find fault with Mr. Deng's China.

That faction, sometimes called Maoist or leftist, remains a potent force within the Chinese leadership and is expected to figure prominently in the power struggle that follows Mr. Deng's death.

The "Third Eye" book, now banned because of its "negativism," captured the attention of China's intellectuals during the summer. The publishing house in Shanxi Province identified the author as a "world-famous German sinologist" whose name is transliterated from the Mandarin as Luo Yi Ninggeer.

German academics are at a loss, however, to recognize such a colleague.

Sensing conspiracy, many Chinese have looked in the direction of the best-known writer with similar views, a political essayist named He Xin, 45. Mr. He is an erstwhile adviser to Prime Minister Li Peng and a defender of the military crackdown on the Tiananmen Square democracy movement in 1989.

In an interview, Mr. He conceded that he was familiar with the book and that it mirrored many of his ideas. Some Chinese have noted that he has seemed incapable of explicitly denying authorship. The closest he came in 90 minutes of conversation was, "The book has nothing to do with myself."

The nature of Mr. He's assault is indi-

rect, though. While heaping praise on Mr. Deng, Mr. He nonetheless made the case that a new disaster is building.

Mao's disastrous economic policies of the Great Leap Forward resulted in starvation for 100 million Chinese peasants, 20 million to 30 million of whom died from 1959 to 1961. But Mr. He credited Mao for preventing "a famine of such great scale" from causing "a great disturbance" in modern China's history.

The Deng reforms, he said, freed tens of millions of peasants from the agricultural communes of the Mao era, and these peasants established the household and township-level industries that ignited China's economic boom. Once they were freed, however, Mr. He observed, the ability of the state to control their movement started to break down.

Rumors Depress Bourses

In an unusual report, the official Chinese Daily referred Sunday to rumors about the health of the country's top leaders, saying these had depressed the country's two stock markets. Agency France-Press reported from Beijing.

The report was the first time that a Chinese newspaper had referred to rumors over the health of senior officials that have been circulating in the Shanghai and Shenzhen stock exchanges, causing both bourses to drop. Rumors about the health of Mr. Deng have been circulating for two weeks. On Friday, a rumor started about the death of the conservative economist Chen Yun, 89.

BOOKS

ALL'S FAIR: Love, War and Running for President

By Mary Matalin and James Carville with Peter Knobler. 478 pages. \$24. Random House/Simon & Schuster.

Reviewed by Robert Sherrill

A CLEVER title. After all, you couldn't have a more exciting come-on than love and war. But as one who believes products should be accurate in their list of ingredients, I feel obliged to point out that this book's love affair was displayed mostly in phone calls of the most unimpassioned sort. And while the presidential campaign of 1992 could certainly be called a political war, the account of it here is anecdotal in a rather frothy fashion. It's fun, but it amounts to little more than the kind of barrel-of-horror bull session that front-line veterans of any war are likely to have when they get together.

Admittedly, the bull session takes on some luster because the veterans held the rank of generals: James Carville, who was Bill Clinton's campaign manager, and Mary Matalin, deputy manager of George Bush's campaign.

Of the two, Carville is the more interesting, perhaps because the man from Carville, Louisiana (general store and post office), is so different from the man from Hope, Arkansas. While Clinton is concerned about hairdo and image, Carville (mostly bald) makes little effort to hide his rough edges. Except that he lacks bigotry, he seems a throwback to Dixie's more colorful political past.

Carville and Matalin were already lovers when the campaign began. But they cooled it for the duration. Consequently, the cliché-addicted press never tired of portraying them as Romeo and Juliet. The publishers of this book continue to exploit that angle, but Matalin, to her credit, says that by the end of the campaign she was "plenty damn sick" of it.

"All's Fair" will have its widest appeal among political junkies who keep hoping for blood and who enjoy even the minutiae of partisan attacks and counterattacks, of propaganda duels and psychological one-upmanship. Matalin is obviously talented at all of the above, but too much of her stuff comes across as "cheap, whiny political rhetoric" (Carville's description).

emanating from "a sort of Miss Know-It-All" (her own).

Carville and Matalin are alike in some respects. Campaigns make them vicious. For these two, political campaigns are extraordinarily emotional. A lot of these pages are wet. Carville, clearly a world-class weeper, wept often.

When things are going just right, says Carville, the result can be an ego trip that is "very sexual. It's very gratifying, it's very intense. It builds up to a climax, if you will. And once you get that feeling, there's nothing that can match it."

How does the winning campaign manager profit? Well, aside from the \$15,000 to \$20,000 a lecture Carville can now demand, plus a king's ransom in consulting fees, plus his share of the nearly \$1 million he and Matalin reportedly received for putting their names on this book, he has some good memories.

The best goes back to the time when Hillary was not very popular with the public. Carville's crew had just received the result of a dial group — that is, a group of people watching a video with their hands on a dial; they turn the dial up if they see or hear something they like, down if they don't. When Hillary appeared on the screen, Carville recalls, "the dials just plunged. All of them. I mean they dropped into a trench. Clinton looked at the chasin line and said, 'You know, they just don't like her hair.'"

"This was a man who desperately loved his wife. He could not deal with the fact that, at the time, Hillary was unpopular. Couldn't deal with it? He couldn't see it! If someone asked me one moment to remember from the campaign, it would have been 'They don't like her hair.'"

Clinton's blind loyalty and affection supplies the note of softness that this tale of unrelenting combativeness needs for relief. It's the kind of softness the absence of which in the Carville-Matalin affair makes one uneasy. Not until the last line in the book do we finally get the feeling this affair may be real. Opening the door of Matalin's apartment, Carville calls out: "Honey, I'm home."

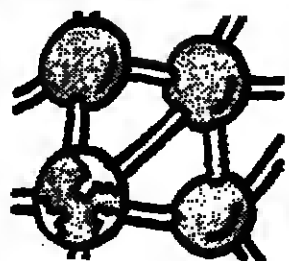
Honey? After nearly 500 pages, it's about time.

Robert Sherrill, the author of "Gothic Politics in the Deep South," wrote this for the Los Angeles Times.

WHAT THEY'RE READING

• Walter Sepp, chairman of the supervisory board of Commerzbank AG, is reading the "Pariser Tagebücher" (The Paris Diaries) of Ernst Jünger.

"I think Mr. Jünger is the outstanding German author of the last 50 years." (Brandon Mutchener, IHT)



BRIDGE

By Alan Truscott
MONG the American contestants in the World Bridge Federation Championships in Albuquerque, New Mexico, were Michael Becker of Tenafly, New Jersey, and Ron Rubin of North Miami Beach, long one of the country's best partnerships. On the disgraced deal from the Spingold Knockout Teams in San Diego, California, they defended a contract of five clubs.

The three-diamond opening bid by Rubin as West was a transfer bid, showing hearts, which accounts for East's response of four hearts. North-South then backed into five clubs, which would have succeeded easily against a routine lead of the jack or ten of hearts.

But Rubin led the heart king, which had a double effect. It allowed him to retain the lead, and it caused South to think that the heart ace was on his left. When Rubin then shifted to a low spade, South naturally played low from dummy and lost two spade tricks for down one.

In the replay, West's lead against the same contract was

equally inspired: he chose the spade three. South again played low from dummy, but when the East won with the queen, he returned a spade instead of cashing the heart ace. West now believed that South held the heart ace, so after taking the spade ace, he shifted to a diamond at the third trick, a poor decision, and the contract succeeded. The Rubin team gained five imps.

NORTH
♠ K 5 2
♥ 3
♦ A Q 10 7 2
♣ A 9 8 4

WEST (D)
♠ A 5 3
♥ K J 10 9 7 6 2
♦ 6 5
♣ J

EAST
♠ Q 10 9 6 4
♥ A 8 5 4
♦ 8 3
♣ 7 2

SOUTH
♠ J 7
♥ Q
♦ K J 9 4
♣ K Q 10 8 5 3

Neither side was vulnerable. The bidding:
West North East South
3♦ Pass 4♥ Pass 5♣ Pass 5♣

West led the heart king.

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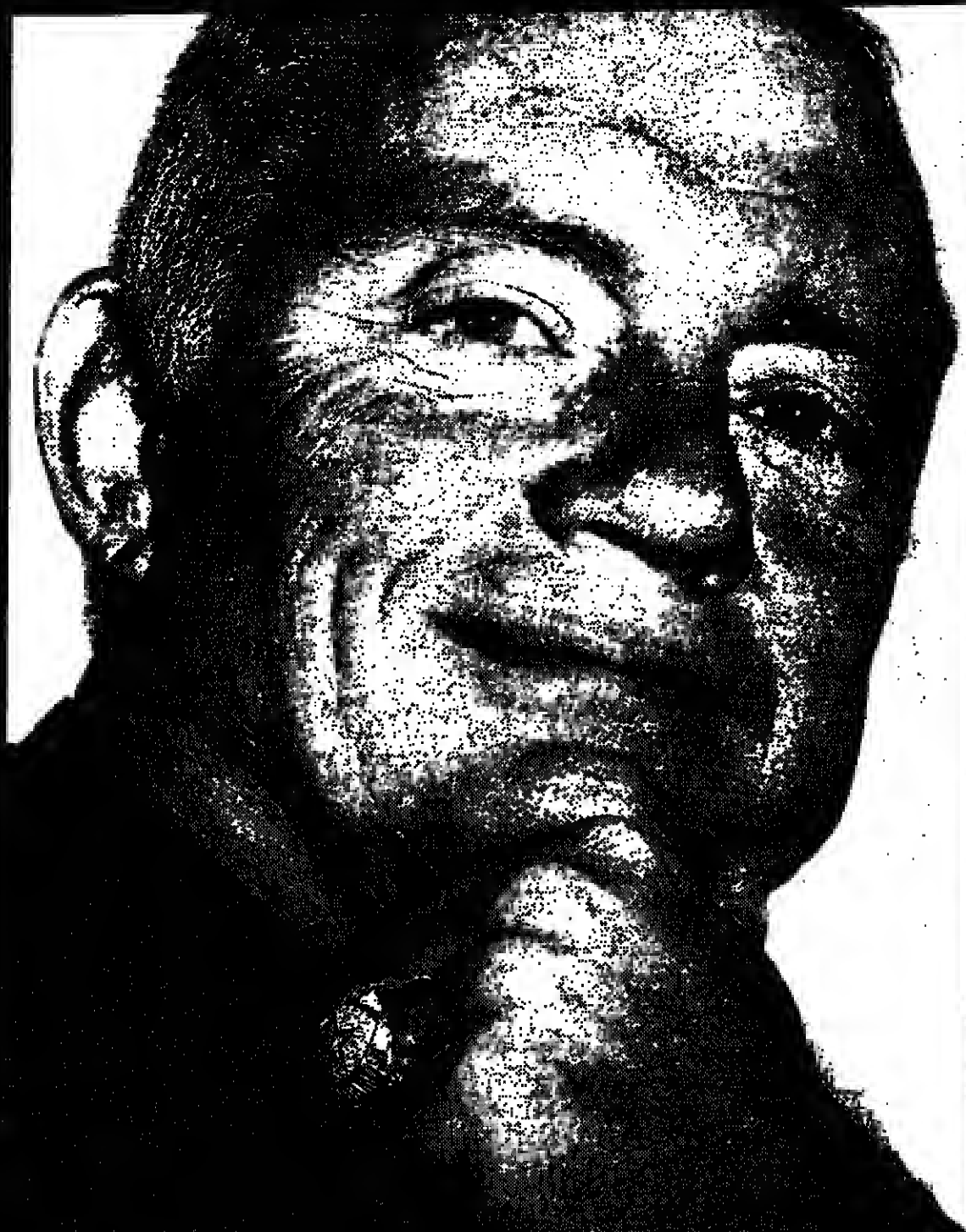
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No Trade War for Now

What is most important about the recent trade agreement between the United States and Japan is not what happened but what didn't. The United States and Japan decided not to start a big trade war. They decided to leave key issues open for future negotiations.

There were some important concessions from Japan that will open the country to more American products in areas such as telecommunications, glass, medical equipment and insurance. The Clinton administration will fairly count these as victories. But battles over the sector that accounts for two-thirds of Japan's trade surplus with America — in autos and auto parts — were left to be fought over another day, which is good news for Japan.

The agreement does not provide for explicit numerical goals to measure greater Japanese openness to American products, a victory that Japan won some time ago. But the administration will crow about language calling for "a significant increase in access and sales" for American goods.

Some who sought a hard American line against Japan will say that the Clinton administration blinked. But the administration has its eye on some large issues, both economic and political. The central economic fact is that the United States has an interest in the economic recovery now under way in Europe and wants an economic recovery in Japan. A trade war would be a disaster for both countries. A trade war would hurt growth that will benefit American exporters and American workers. The administration also cared about the financial and currency markets and knew

that a trade war would unsettle them, too.

In addition, Japanese politics is in a state of great turmoil. The Japanese government is moving on an economic program that ought to increase consumer demand, which is good for the United States. It is not clear that an American ultimatum on trade now would push Japanese politics further along these lines; it might well have the opposite effect.

The Liberal Democrats who dominate the governing coalition seemed willing to make some concessions to prove to Japanese voters that they were the party best able to deal with America. The administration decided, reasonably, to pocket the concessions and not push the government to the wall. The Japanese, in turn, will have to live up to their pledges of change or face a serious American reaction.

The politics of trade issues between the United States and Japan is becoming more complicated by the day, which is on balance good news. The recovery of the American auto industry's share of the domestic market is moderating pressures to use a big stick against the Japanese. The high value of the Japanese yen amounts to a modest tariff wall, although it has made less difference in the trade balance between the United States and Japan than many expected.

At this point, the specific issues involved in such agreements may matter less than the larger economic policies pursued by trading partners. In backing away from a trade war now, the administration suggested that it understands this.

— THE WASHINGTON POST.

Invest in South Africa

Nelson Mandela has been in the United States drumming up interest in the economic prospects of South Africa. If the personal courage, vision, wisdom and grace of a national leader were the only criteria, then his country would be overflowing with growth, investment and trade. Similarly, if a nation could reap development as a reward for past travail and hard passage, then South Africa's future would also be ensured. But of course few investors will make their decisions just on the basis of the appeal of a country's political virtue. In its last phase of liberation it was uphill going for South Africa, and in the new phase of catch-up modernization it is uphill going, too.

The "pervasive poverty" of most South Africans that President Mandela outlined in his moving address to Congress on Thursday constitutes the prime national agenda. But South Africa is not without substantial resources to tackle it — and not just natural resources. It is a potentially rich country with, already, a modern economy that previously worked well for a minority of its people, that expansion compelled to bring in many blacks and that provides a foundation on which the whole country can grow now.

There was a time when people wondered whether a one-man-one-vote government could provide economic leader-

ship as committed to growth as to redistribution. Within the president's national African National Congress were and are a well-placed left favoring a discredited Marxism and a hungry trade union movement that had boned its strength on the liberation struggle.

Just in the few months since he became his country's first democratically elected president, however, Mr. Mandela has moved toward a free market policy that would cut spending, taxes, debt and inflation. He has dealt with organized labor's strikes in a way that has cost him politically, since the unions are his allies, but has won him the essential respect and cooperation of the international banks. From workers he pleads for patience, and from the mostly white employer corps and from foreign investors for empowerment of capital and experience-short blacks.

President Mandela can call on a unique source of foreign investment: the companies which know South Africa, pulled out during the struggle against apartheid and are there to be lured back now. The loans which Western governments control are starting to flow to South Africa. The private sector has its place, too. All Americans share a powerful interest in helping make multiracial democracy in South Africa work.

— THE WASHINGTON POST.

America's Way With Sex

"The real purpose behind the current sex survey proposal," Senator Jesse Helms thundered in 1991, "is not to stop the spread of AIDS, but to compile supposedly scientific facts to support the left-wing liberal argument that homosexuality is normal, just another lifestyle." Ducking the storm, the Senate promptly blocked federal financing for the first major study of American sexual behavior since the Kinsey research of 1948 and 1953. Fortunately, several private foundations ponied up the money. The result, published last week, is a 700-page tome entitled "The Social Organization of Sexuality," and a surprising finding.

Sexually speaking, America is a nation of squares.

The study, by a team of researchers based at the University of Chicago, is invaluable on two counts. Prevention of sexually transmitted diseases and unwanted pregnancies depends on knowing enough about people's sexual attitudes and behavior to issue the appropriate warnings and advice. That is precisely the kind of information that "Social Organization," which is based on surveys of 3,432 men and women aged 18 to 59, provides.

The policies that may emerge from it, especially those involving AIDS education and prevention, may incur considerable debate. But there can be no debate about the study's other attraction. There is no better way to measure one's own sex life than to compare it with the well-documented (as opposed to barroom boasts and locker-room anecdotes) sex lives of others.

Americans who believe that only they are living in the slow lane, for instance, can take comfort in the fact that fidelity is flourishing. The great majority of married men and women say they are faithful to their spouses; furthermore, they are more sexually active than their single counterparts. And although the range in the number of lifetime sexual partners varied enormously (1,016 being the top figure), the median number for men was six, and for women two.

As surprising as Americans' sexual conservatism is the fact that only 2.8 percent of the men and 1.4 percent of the women identified themselves as homosexual or bisexual, although more (9 and 5 percent respectively) reported having had at least one homosexual experience since puberty.

More than a third of the younger women queried said that peer pressure had made them have sex for the first time. That has important implications for the prevention of teenage pregnancy.

Mr. Helms's condemnation — and warped description — of this study was part and parcel of the stifling political climate that prevailed during the first 10 years of the AIDS epidemic. But the senator, and other conservatives who fear that America is sliding ever more precipitously into licentiousness, can take comfort from the fact that the study showed something quite different.

Americans can also be grateful to the foundations which stepped forward and did what the federal government should have been doing all along.

— THE NEW YORK TIMES.

Spheres of Influence for Americans and Russians?

By Charles Krauthammer

WASHINGTON — With American troops in Haiti and Russian troops engaged in at least three neighboring civil wars, the "sphere of influence" question is upon us. During the recent U.S.-Russian summit meeting, the question came up again and again. Does the United States have one? Should Russia be allowed one?

For American liberalism, spheres of influence — areas of domination conceded to a "Great Power" — have long been anathema. Since Woodrow Wilson's presidency, they have been identified with all the amoral Old World geopolitical stratagems that led to the catastrophe that was World War I.

When Franklin Roosevelt returned from the Yalta talks in 1945, he declared that the agreements he, Stalin and Churchill had signed "ought to spell the end of the system of unilateral action, the exclusive alliances, the spheres of influence, the balances of power, and all the other expedients that have been tried for centuries — and have always failed."

The United Nations was supposed to substitute for these failed devices. But the Cold War intervened, the United Nations atrophied, and for almost 50 years the world was divided most rigidly into American and Soviet camps. Now that the Cold War is over, the desire to be done with any hint of that is palpable.

Last month, the U.S. ambassador to the United Nations, Madeleine Albright,

told a Moscow audience: "Let us all work for the day when we will see a Europe fully liberated from spheres of influence and artificial division."

The fact is, however, that after decades of exertion and sacrifice, the United States has acquired several spheres of influence that it ought not to be eager to give up. Western Europe, a core of the Middle East comprising Egypt, Israel and the Gulf states, and much of the Pacific Rim fall into the American sphere. Most obviously, the United States has claimed and maintained for almost two centuries a sphere of influence in the Western Hemisphere. It could hardly be expressed more concretely than by the occupation of Haiti.

Given the liberal tradition, however, the administration is at great pains to deny the obvious. Washington recognizes no sphere of influence. Secretary of State Warren Christopher claims, President Bill Clinton points to Security Council Resolution 940 and a paper coalition of 28 countries as proof that the Haiti intervention is a UN police action, not an old-style assertion of the U.S. sphere.

But of course it is. The whole justification of the Haiti operation is that this is trouble "in our backyard." What does "our backyard" mean, if not "our

sphere of influence?" The odd part of this policy is that while straining rhetorically and diplomatically to deny the legitimacy of a U.S. sphere of influence, the administration has gone some way toward granting one to Russia.

When the Soviet Union imploded, Russia was shorn of 300 years' worth of conquests. It is now trying to reassert its influence over some of its lost territories.

President Boris Yeltsin explicitly told the United Nations that Russia's ties with former Soviet republics are "closer than traditional neighborhood relations; rather, this is a blood relationship." Bloody, too. Russian troops are engaged in civil wars in Tajikistan, Georgia and Moldova. Russia would now like to insert itself into Nagorno-Karabakh, over which Armenia and Azerbaijan are fighting.

Russia is quite prepared to "peace-keep" — the post-Cold War word for "intervene" — unilaterally, but it would prefer international recognition of its dominion. And it has been receiving fairly sympathetic noises from the United States. Last winter in Moscow, Mr. Clinton acknowledged that Russia would be involved — militarily — with its neighbors "just like the United States has been involved in the last several years in Panama and Grenada near our area."

He reinforced the parallel last week. "The United States does not object to Russia taking an active role in the resolu-

tion of the problem in Nagorno-Karabakh," he said. The problem, he added, is only "how that could be made more like Haiti." The Clinton policy seems to be: You can have your sphere, just make sure it has the UN fig leaf we have in Haiti.

What's wrong with that? Isn't a Great Power like Russia going to have a sphere of influence anyway? Perhaps. But the crucial question remains: How extensive and how oppressive will that sphere be?

To his credit, Mr. Clinton has worked hard, and with considerable success, to exclude the three Baltic states from Russia's reach. But he seems rather pliant concerning the rest of the former Soviet Union, a huge swath of territory stretching from Kishinev to Kazakhstan.

True, America will not go to war over these territories. But it should be putting down markers as to what it will not tolerate. Mr. Clinton should make clear that overstepping these boundaries (in Ukraine, for example) would prove costly to Russia, putting at risk many of the things it covets from the United States: good relations, trade and investment, membership in the international clubs.

America's concern should be less the procedure of Russian expansion than its extent and intent. The important issue is how much control of the former Soviet Union it is bent on seizing, not how many UN fig leaves it can collect along the way.

Washington Post Writers Group.

But Then Comes the Hard Part: Establishing Civil Society in Haiti

By Flora Lewis

NEW YORK — Developments in Haiti have mesmerized a quality of a glass about to fall off a table. You can see the trouble coming but you can't bring yourself to make the necessary move.

Despite that ominous state — and Lieutenant General Henry Hugh Shelton's insistence that "U.S. forces under his command 'are not rent-a-cops'" — American troops are being drawn into policing the country.

The invasion was thoroughly planned, U.S. military officials maintain, but they are clearly at a loss about how to maintain civil order. All this was to be foreseen.

If the Haitian military had resisted the landings, they would have been quickly defeated. But then the problems of running the country would have been greater. What did Washington expect to do after declaring victory?

It is hard to understand why former President Jimmy Carter, after negotiating the deal to avert a combat invasion, felt that he had to go so far in praising and honoring General Raoul Cédras.

the Haitian dictator. But that was certainly preferable to a fight that would have cost lives and left far more serious consequences for the United States at home, in the Western Hemisphere and in the world. If some rhetorical extravagance was the price, it was well worth it.

That does not change the fact that the United States went in to oust the regime and try to provide some order in a hither, terrified country whose citizens were throwing themselves into the sea in an attempt to escape to the United States. The idea that the Haitian police would be able and willing to oust General Cédras and maintain order was never going to work, whether or not Mr. Carter achieved his agreement.

And apparently Washington had no plans, despite being well-informed about the habitual, despicable behavior of the police and their non-uniformed "attachés," and about the hatred and thirst for vengeance they had provoked.

So far, the relative restraint of the public has been the second major accomplishment of Mr. Carter's negotiations. This should not be underestimated, but it also cannot be counted upon indefinitely — especially if the police and attachés continue to wreak havoc.

Belatedly, U.S. officials have begun to understand that American soldiers cannot just stand aside and watch the violence, if the Haitian people are not to come to consider the troops they welcomed as liberators to be mere conspirators of the deposed power.

Americans finally took after the attachés' headquarters, seized a few arms — there was time to hide many — and rounded up about 30 of the thugs. They were taken to a "detention center" at U.S. military headquarters. Now what will be done with them?

This is the start of a police role and it will surely get much bigger. When deposed President Jean-Bertrand Aristide returns next Saturday or shortly thereafter, he

will still need to rely on a structured force, which does not exist outside the U.S. troops.

The problem of the power vacuum which General Cédras used to persuade Mr. Carter to let him delay stepping down, if he left Haiti immediately, civil war would break out the next day, General Cédras claimed. Mr. Carter was right to take it seriously.

But the time is not being used well enough now to give the public much confidence in the future safety. There is still no clarity about who will be covered in the amnesty demanded by General Cédras and what is to be done about the "attachés" who are not covered. "The police are melting away," one newsman reported, but that is no assurance that they won't retrieve their concealed weapons and reappear at the first chance.

The U.S. policy of going into Haiti massively, booting out General Cédras, plunking down Jean-Bertrand Aristide and then pulling out never made sense.

Mr. Carter saved the Clinton

administration from an early, messy rebuke for its self-deceptive policy of escalating bluffs until undesired action was unavoidable. But, as Mr. Carter knows, he cannot save Washington from the illusion that it does not have to chew what it bites off.

It is not clear whether Bill Clinton and his advisers know that by now, and don't want to admit it to the country before the November elections, or whether they are still fooling themselves as well as the American public. The longer they put off acknowledging the need to disarm the Haitian thugs — and take charge of keeping order until new Haitian police can be created — the more costly and embarrassing it will be.

And then there will be the task of helping launch structures to restart the Haitian economy. Long before talk of invading Haiti first began, it was clear that these would be the consequences. The glass has fallen off the table while we watched. Now there is a big cleanup job.

© Flora Lewis.

And Bolstering Cambodia's Young State Against the Khmer Rouge

By Marvin Ott

WASHINGTON — The United States has crossed a foreign policy Rubicon in Indochina. The Clinton administration has quietly agreed to a Cambodian request for defense assistance and sent about 45 military advisers. It is hard to imagine an initiative that raises more specters. Is America about to become embroiled in a new Indochina conflict?

A few years ago, Phnom Penh was a ghost town. The killing fields had claimed nearly a quarter of the country's population. Many Cambodians felt that they

had been cursed by the gods and abandoned by the world.

Today the capital city is alive with activity. Shops are stocked, children are in school, restaurants and food stalls are busy, foreign businessmen are exploring investment opportunities, and traffic jams are becoming a problem. There are few signs of the classic development pathologies — limousines pushing bicycles to the side of the road, beggars, filth, large, walled mansions adjacent to shantytowns, and environ-

tal abuses. Much of the same, on a reduced scale, can be said of the major provincial towns.

All this is unfolding against the backdrop of a political transformation: successful national elections, conducted by the United Nations, and the establishment of a coalition government presided over by an ultimate survivor and national symbol, King Norodom Sihanouk. The Parliament has emerged as an arena for remarkably open debate. The press is passably free. An active Cambodian human rights organization nips at the government's heels.

Yet a great many Cambodians are fearful. Serious human rights abuses by some provincial authorities go unpunished and unchecked. A recent coup attempt highlights the fragility of the new political order.

Four months ago, a Khmer Rouge force expelled a disorganized Cambodian army from the provincial town of Pailin. After this, a final attempt to reach a political settlement between the new government and the Khmer Rouge collapsed. Parliament put its seal on the outcome by voting to outlaw the Khmer Rouge.

This is good news. A debilitating illusion that the Khmer Rouge can somehow be accommodated in a political settlement has long hampered prospects for a resolution of the Cambodia problem.

The same small coterie of secretive fanatics who created the killing fields of Cambodia still lead the Khmer Rouge. The men and the agenda remain the same: to achieve total power and liquidate everything and everyone in Cambodia that might resist the communication of the country. The government now seems to understand that there can be only one solution with two variants: elimination of the Khmer Rouge through military defeat or by gradual marginalization.

Cambodia's leaders also realize that a thorough overhaul of the Cambodian army is a precondition for any satisfactory outcome. The army has been described as the worst in the world. Second Prime Minister Hun Sen calls it "an embarrassment." About one-third of its nominal 140,000 troops are "ghost soldiers." Nearly 70 percent of its actual force consists of officers, 2,000 of whom are generals.

Hun Sen and the first prime minister, Prince Norodom Ranariddh, agree that the army must be substantially downsized (to perhaps 60,000), the percentage of officers drastically reduced and the training and education of officer corps and rank and file given the highest priority.

But any move to rapidly demobilize would cast large numbers of young men with few employable skills into a civilian economy that has no place for them. The inevitable result would be handiwork and insecurity, if not a military coup. And any hope to improve training and education of existing personnel founders on the dearth of teachers and trainers.

Enter the United States. Prince Ranariddh and Hun Sen, supported by King Sihanouk, want America to "adopt" three or four Cambodian army battalions and train and equip them for construction work. Then, with U.S. economic assistance, these units could be demobilized and used for road building and other civilian projects.

Washington is providing military construction advisers, graders and bulldozers, and demining specialists. It is an important start, but just a start.

Why should the United States return to the scene of a disastrous and divisive intervention? Unlike South Vietnam, Cambodia has a government selected through free elections and recognized by the international community. The world has a substantial stake in the outcome in Cambodia because the UN effort there, at a cost of more than \$2 billion, remains its most successful.

Cambodia's current leaders generally acknowledge the problems that their government faces and the weakness it exhibits — and show credible indications that they are prepared to adopt necessary remedies.

Most important, the Khmer Rouge are not giants. They are generally confined to a region near the Thai border. A lack of

broad popular support undercuts their ambition to launch a war of attrition. The organization survives because it is disciplined, controls a nearly inaccessible base area, receives cross-border assistance from elements of the Thai army and is opposed by the inept Royal Cambodian Armed Forces.

America should not be the only country willing to assist the Cambodian government. What is required is a multilateral defense assistance program, orchestrated and led by Washington, to provide training, matériel and non-lethal equipment, plus ammunition and, eventually, small arms.

Toward that end, the State Department has started discussions with other interested countries, notably Australia, France and Indonesia. Under no conditions should foreign combat troops be introduced, nor should Vietnamese assistance be sought.

A basic lesson of history is that successful strategists anticipate the consequences of intended actions and plan for them — answering the "Then what?" question. For Cambodia, the U.S.-UN strategy that produced the Paris accords and national elections was incomplete. Hard realities and follow-on plans were submerged in the euphoria of a successful vote. But the election was only the beginning.

Cambodia has reached a culminating point that requires a new strategy so that what has been gained is not lost. The "then" is now and the "what" is clear.

The writer, who specializes in Asian security issues at the National War College in Washington, contributed this comment to the Los Angeles Times.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1894: Russia and China

PARIS — Russia will allow the present war between Japan and China to be fought to an end — that is to say, until China is compelled to ask for peace — so long as the stability of the Chinese dynasty is not disturbed either by Japan or by internal revolution. The maintenance of the Empire as it now exists will, however, be insisted upon by Russia, for otherwise she believes her own Siberian frontiers would be imperilled.

1919: Auto Salon Opens

PARIS — The opening of the Fifteenth Automobile Salon, the first real industrial peace manifestation seen in Paris since the war, marks the return of French industry to its normal activity and progress. Although French constructors have to fight

against enormous competition, one can safely say that their supremacy remains intact. And there is nobody to beat a French builder in the design of an "automobile de luxe."

1944: Lethal Streetcars

ON A GERMAN HILLSIDE OVERLOOKING AACHEN — [From our New York edition:] American engineers flung two "secret weapons" — they call them V-13's — into the German lines at the outskirts of Aachen today [Oct. 9], and judging from the gunfire they scared out of the Germans, they were at least a moral success. The V-13's were streetcars loaded with 38-mm shells and dynamite, which were abandoned by the enemy in the pillboxes of Aachen State Forest. The Germans apparently had decided that not even the mechanized American Army could use a streetcar.

International Herald Tribune

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CAPITAL MARKETS

Investors' Waiting Game Is Getting Into Full Swing

By Carl Gewirtz
International Herald Tribune

PARIS — Activity is likely to slow to a crawl on the international capital market as investors sit on the sidelines waiting — first for confirmation that the U.S. Federal Reserve Board will increase rates, and then for the outcome of the federal election in Germany next Sunday.

If the Fed, closed for a national holiday Monday, does not act Tuesday, then the betting is that it will not move until the following week. Given the extent to which an increase has been discounted in the bond and currency markets, no action can be expected to add to nervousness about its intentions; economic reports last week signaled no slack in the momentum of growth.

The Fed might be holding back awaiting the results of the German election and hoping to get more bang out of its next move. Chancellor Helmut Kohl's conservative coalition is expected to win re-election. Confirmation should see a rush back into DM debt in most European bond markets have narrowed appreciably in the run-up to the election. A simultaneous rise in U.S. interest rates could help stabilize the dollar against a resurgent DM.

A loss by the German conservatives would shock both the bond and currency markets and a coincident rise in U.S. rates could be the catalyst to pull worried European investors back into the dollar. The Fed normally is a passive observer of the exchange rate. The board's daily concern is that the market remain orderly. The value of the dollar is the responsibility of politicians. But the Fed now has a vested interest in a strong dollar as the currency's weak performance this year has undermined the board's tightening of monetary policy. A low value of the dollar has fueled exports, which keeps industry working at levels that the Fed is trying to slow.

Analysts at J.P. Morgan in New York predict that the U.S. rate increase will be followed by a rise of 1 percentage point in Australia and possibly a quarter-point rise in Canada.

Investors, meanwhile, show only modest interest in new issues coming to market. The World Bank's 2 billion DM of global bonds last week were a difficult sale, bankers reported. Priced to yield 15 basis points over German government paper, the five-year bonds ended the week well bid at a spread of 14 basis points over the benchmark. Bankers said a quarter of the issue had been placed in Asia, with Japan alone accounting for about half of that demand.

This week, Statkraft, a Norwegian-owned power company, is expected to make its debut in the international market with a five-year issue of 300 million DM (\$194.7 million) expected to be priced at 35 basis points over German government yields.

In the dollar sector, underwriters reported solid demand for the

See BONDS, Page 11

The Dollar Poised at Crossroad

By Carl Gewirtz
International Herald Tribune

PARIS — An eerie calm has settled on the foreign exchange market and analysts cannot agree whether it portends the beginning of the dollar's long awaited revival or the start of a nasty storm driving it to new lows.

All agree that the outcome could be shaped by this coming weekend's federal election in Germany, with the Deutsche mark weakening — and the dollar rising — substantially if Chancellor Helmut Kohl and his conservative allies fail to win re-election.

Jim O'Neill, London-based analyst at Swiss Bank Corp., said that if Mr. Kohl wins, "the dollar will fall below 1.50 DM within two weeks."

But John Reynolds, of NatWest Securities in London, believes the dollar is clearly headed higher in any event. A Kohl victory might slow the dollar's advance but would not prevent it, he said.

Last week, the dollar was nearly static, stuck in the middle of its recent trading range against the both the mark and the yen. It finished the week at 1.5470 DM and 100.605 yen.

To some observers, the only element holding the dollar from rising was absence of the Federal Reserve Board action confirming the market's assumption that short-term interest

See DOLLAR, Page 11

Is Europe Too Tuned In to U.S.? Obsession With American Rates Appears Misplaced

By Erik Ipsen
International Herald Tribune

LONDON — Once again the presumed linkage between the direction of U.S. interest rates and the health of the fledgling European recovery dominated market sentiment.

This time, it was fear of a possible rise in American short-term rates based on expectations of a huge jump in Friday's figures for American jobs. In the end, with new jobs well below private forecasts, European markets firmed.

Economists, however, wonder if the markets' concerns are not misplaced. They increasingly express doubt that Europe is as much a hostage to American interest rates as the markets seem to believe.

"I cannot really see why the markets get so upset every time short-term interest rates in America go up," said Nigel Gault, chief European economist at DRI/McGraw-Hill in London.

At the short end, economists stress that interest rates in Europe are set by

the Bundesbank, not by the Federal Reserve Board. In addition, they insist that there is overwhelming evidence to suggest that the German central bank continues to be largely unmoved by events on the far side of the Atlantic.

"The Bundesbank will go its own way," says Ulrich Beckmann, senior economist at Deutsche Bank in Frankfurt.

Having said that, most forecasters advise that they can see little reason for the Bundesbank to begin tightening monetary policy soon. They point to predicted declines in German inflation well into next year and even to Germany's troublesome measure of money supply, M-3, which at last seems headed back into the Bundesbank's target range.

Where U.S. interest rates do exert a direct and nearly instantaneous impact on Europe is via the price of long-term money. In general, interest rates in Europe have raced upward in tandem with those in America for much of the year.

"Economic conditions in Europe do

not justify interest rates at current levels," said Jeremy Hawkins, chief economic advisor at the Bank of America in London.

Where opinions diverge a bit is over the impact of those made-in-America bond yields on the future course of Europe's recovery. Theoretically, the impact should be greatest in countries like Germany, where fully 80 percent of credits are long-term. Yields on 10-year bonds have soared from 5.5 percent at the beginning of the year to 7.6 percent.

Nonetheless, Richard Reid, chief economist for UBS in Frankfurt, forecasts a steady acceleration of German economic growth, from 2.6 percent this year to 3.2 percent next year.

In Europe, where the strength of the recovery has surprised most forecasters this year, economists argue that high long-term interest rates imported from America will simply limit the scope for future surprises on the up side.

"These interest rate rises do make me

See FEAR, Page 11

Tensions In Gulf Unsettle Oil Trade

Kuwait Prepares Emergency Plan

Compiled by Our Staff From Dispatches

DUBAI, United Arab Emirates — Oil traders said Sunday that the Iraqi military buildup along the Kuwait border was unlikely to disrupt world oil markets, but that an upheaval could not be ruled out because the market sees President Saddam Hussein as unpredictable.

Kuwait said it had prepared an emergency plan to protect its oil installations and maintain crude production in the event of an Iraqi attack.

Oil Minister Abd al Muhsin al Mufid said the plan was "precautionary" and should not be seen as a reason for "excitement and panic," according to the Kuwaiti press agency, KUNA.

Iraq said it had no plans to invade Kuwait. A Kuwait Petroleum Corp. executive said oil sales were proceeding normally.

On Friday, oil prices surged in London but closed slightly lower. In the United States, crude for November delivery closed 4 cents lower at \$18.21 on the New York Mercantile Exchange.

When Iraq invaded Kuwait in August 1990, crude prices climbed above \$40 a barrel. Iraqi troops set fire to most of Kuwait's 700 oil wells in February 1991 as they fled in defeat. Kuwait has since capped and repaired the wells and is producing close to its OPEC quota of 2 million barrels a day.

While a new takeover of Kuwait by Iraq could deprive the market of those 2 million barrels per day, experts believe prices would not soar because Saudi Arabia and other regional producers could boost production.

Traders said prices would be bolstered over the long term since Mr. Saddam's defiance of UN resolutions would be likely to delay the day when Iraq would be allowed to export oil again.

At the same time, they agreed that prices were hostage to the possibility that the Iraqi leader might resort to force.

"Nobody can predict what will happen," a Saudi-based oil source said.

A Western oil executive, discounted the threat of war and called Mr. Saddam's defiance "a big roar from a desperate corner."

On Sunday in Singapore, oil traders said they believed oil prices would rise by about 20 cents a barrel on Monday because events over the weekend heightened fears of a conflict. (Reuters, Bloomberg, AFP)

Greenspan Warns Banks on Lending

By Saul Hansell
New York Times Service

NEW YORK — With banks suddenly flush with extra capital, federal regulators are warning that the days of easy money and risky loans may be returning, just a few short years after excessive real estate lending brought the banking system to its knees.

The Federal Reserve Board

chairman, Alan Greenspan, gave a stern lecture on prudent lending Saturday to members of the American Bankers Association, gathered for their annual convention in New York.

"Competition among banks and their nonbank counterparts has never been greater," Mr. Greenspan said. "We have been seeing for some months now that the result of that competition in the form of easing of the

price and nonprice terms for credit for business loans."

He said it was an "open question" whether current standards were adequate. "There are enough questions to be raised about industry loan practices to give a central banker and supervisor pause," he said.

The currency controller, Eugene A. Ludwig, echoed Mr. Greenspan's concern in his speech to the convention. "We found signs that some banks have eased their underwriting standards over the last several quarters."

In a tone measured to warn bankers without raising alarm, Mr. Ludwig called the situation "a yellow caution light signaling all of us to remain alert to avoid a repeat of mistakes made in the recent past."

The banking industry traditionally oscillates between periods of lax lending standards and periods of contraction as many of the earlier loans turn bad.

Many bankers and industry experts have been warning in recent months that the sloppy lending practices of the past are being revived faster than expected. In particular, bankers have worried that key conditions, like how much collateral

is required of business borrowers, have been relaxed too far.

Mr. Greenspan, in fact, alluded to "anecdotal evidence" that credit standards have weakened, but he noted that "these banker anecdotes, of course, are always referring to the competitor down the street."

Mr. Greenspan also strongly criticized the way that banks were setting interest rates on business loans.

"The highest-quality borrowers are being charged loan rates that are higher than actual loss experience indicates," he said. "Meanwhile, the riskiest borrowers are not being charged sufficiently high rates to cover their significantly higher risk of default."

Mr. Greenspan described dire results if banks did not start taking risk into account in loan pricing. For example, he said, their competitors will steal the banks' highest-quality customers, leaving them with only the riskiest loans.

Mr. Greenspan called for banks to take groups of loans they have made and to sell them to investors as securities, much as they do now for home mortgages.

Brussels Notebook

More Power to Delors's Successor?

Jacques Santer, the Luxembourg prime minister who was widely dismissed as a lightweight when nominated in July to head the European Commission, is suddenly being encouraged to take on unprecedented powers when he succeeds Jacques Delors in January.

The urging comes from officials seeking to influence the reorganization of the European Union executive agency, which will grow from 17 commissioners to 21 if Austria, Finland, Sweden and Norway join the EU club.

To make room, some French officials have suggested breaking up foreign affairs geographically, with commissioners for Eastern Europe, the Mediterranean, Asia, and industrialized partners like the United States and Japan. Under this scenario, Mr. Santer would have overall responsibility to ensure consistency in foreign policy.

Many officials in Brussels dismiss the idea as unworkable, noting the fierce turf battles over the past two years when foreign affairs was split between Sir Leon Brittan on trade and Hans van den Broek on political matters. They regard the plan as a bid to win a key trade post for Yves-Thibault de Silguy, the European affairs adviser to Prime Minister Edouard Balladur of France.

Other new positions rumored include a commissioner to prepare reforms of EU institutions ahead of the 1996 Union conference. Some Brussels insiders say the post is a natural for Edith Cresson, the former prime minister and second French nominee.

EU Seen Approving Bull Bailout

The European Commission is expected to approve an 11 billion-franc (\$2.1 billion) state bailout for the struggling Group Bull, but the injection is not likely to spark the same kind

of outcry as the 20 billion-franc subsidy for Air France, which was challenged by seven European airlines last week.

That is because some of Bull's chief competitors are also shareholders and suppliers, including International Business Machines Corp. and NEC Corp.

IBM has used its link to put its PowerPC chips into Bull machines. At the same time Big Blue, itself struggling to restore profitability, took advantage of a previous Bull recapitalization last December to reduce its stake to 2.1 percent from 5.6 percent.

A spokesman said the company has taken no position on the French government's latest bailout plan and hasn't decided yet whether to chip in money of its own to maintain its stake. But, he added, "We're pleased with our current relationship with Bull."

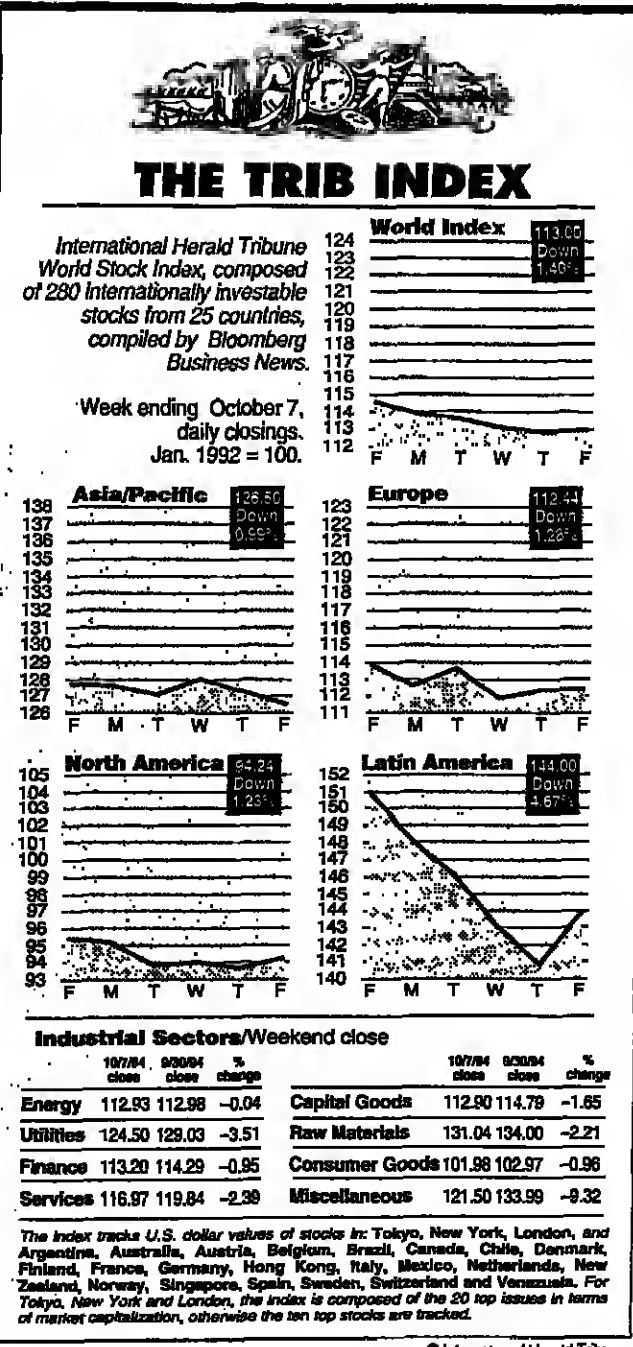
EU Finance Officials Can't Crow

European Union finance ministers want to crow about their determination to cut budget deficits, but their legal experts have imposed a gag rule.

The ministers are expected to approve commission recommendations to 10 member states for cutting budget deficits when they meet in Luxembourg on Monday. It is the first time the ministers will listen to such a critique as part of new rules designed to lead to a single currency by the end of the decade.

Finance Minister Theo Waigel of Germany promised last month to publish the recommendations as a sign of deficit-cutting seriousness, only to have EU legal experts point out that the Maastricht treaty requires they be kept confidential.

Tom Buerkle



CURRENCY RATES

Currency	Per \$	Per £	Per 100	Per 100	Per 100	Per 100	Per 100	Per 100	Per 100
Australian	1.3549	1.3549	1.3549	1.3549	1.3549	1.3549	1.3549	1.3549	1.3549
Belgian franc	20.36	20.36	20.36	20.36	20.36	20.36	20.36	20.36	20.36
British pound	1.78	1.78	1.78	1.78	1.78	1.78	1.78	1.78	1.78
Canadian dollar	0.71	0.71	0.71	0.71	0.71	0.71	0.71	0.71	0.71
Deutsche mark	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36
French franc	6.55	6.55	6.55	6.55	6.55	6.55	6.55	6.55	6.55
Italian lira	1.936	1.936	1.936	1.936	1.936	1.936	1.936	1.936	1.936
Japanese yen	136	136	136	136	136	136	136	136	136
Swiss franc	1.48	1.48	1.48	1.48	1.48	1.48	1.48	1.48	1.48
U.S. dollar	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

Other Dollar Values

Currency	Per \$	Per £	Per 100	Per 100	Per 100	Per 100	Per 100	Per 100	Per 100
Australian	1.3549	1.3549	1.3549	1.3549	1.3549	1.3549	1.3549	1.3549	1.3549
Belgian franc	20.36	20.36	20.36	20.36	20.36	20.36	20.36	20.36	20.36
British pound	1.78	1.78	1.78	1.78	1.78	1.78	1.78	1.78	1.78
Canadian dollar	0.71	0.71	0.71	0.71	0.71	0.71	0.71	0.71	0.71
Deutsche mark	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36
French franc	6.55	6.55	6.55	6.55	6.55	6.55	6.55	6.55	6.55
Italian lira	1.936	1.936	1.936	1.936	1.936	1.936	1.936	1.936	1.936
Japanese yen	136	136	136	136	136	136	136	136	136
Swiss franc	1.48	1.48	1.48	1.48	1.48	1.48	1.48	1.48	1.48
U.S. dollar	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

Forward Rates

Currency	30-day	60-day	90-day	120-day	150-day	180-day	210-day	240-day	270-day
Australian	1.3549	1.3549	1.3549	1.3549	1.3549	1.3549	1.3549	1.3549	1.3549
Belgian franc	20.36	20.36	20.36	20.36	20.36	20.36	20.36	20.36	20.36
British pound	1.78	1.78	1.78	1.78	1.78	1.78	1.78	1.78	1.78
Canadian dollar	0.71	0.71	0.71	0.71	0.71	0.71	0.71	0.71	0.71
Deutsche mark	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36
French franc	6.55	6.55	6.55	6.55	6.55	6.55	6.55	6.55	6.55
Italian lira	1.936	1.936	1.936	1.936	1.936	1.936	1.936	1.936	1.936
Japanese yen	136	136	136	136	136	136	136	136	136
Swiss franc	1.48	1.48	1.48	1.48	1.48	1.48	1.48	1.48	1.48
U.S. dollar	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

Sources: (US Bank (Amsterdam)) (London Bank (London)) (Bank of Tokyo (Tokyo)) (Royal Bank of Canada (Toronto)) (HDF (SOF)) Other data from Reuters and AP.

1994

FIRST HALF RESULTS

HIGHER EARNINGS

Net income attributable to Lafarge Coppee rose by 50% and earnings per share gained 20% in the first half of 1994, reflecting an increase in business. The period also saw further strengthening of the Group's balance sheet.

SUSTAINED EXPANSION

Capital spending increased by 22%, illustrating the Group's international development and the reinforcement of its product lines.

LAFARGE COPPEE

WORLD LEADER IN BUILDING MATERIALS

OMEGA

THE LINK BETWEEN THE PAST AND THE FUTURE

Omega Constellation.
Self-winding chronometer
in 18 k gold.
Swiss made since 1848.

HIGHER EARNINGS

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SUSTAINED EXPANSION

Capital spending increased by 22%, illustrating the Group's international development and the reinforcement of its product lines.

OMEGA

The sign of excellence

New International Bond Issues

Compiled by Paul Floren

Issuer	Amount (millions)	Maturity	Coupon %	Price	Yield	Terms
Floating Rate Notes						
Discover Card Master Trust 94/3	\$850	2004	0.35	100	—	Over 1-month Libor. Maximum coupon 14%. Average life 7 years. Fees not disclosed. [Dean Witter]
Hil Finance	\$1,735	2004	0.85	100	—	Over 6-month Libor. Callable at par in 1996. Fees not disclosed. [Paribas Capital Markets]
Philippine National Bank	\$195	1997	1 1/4	99.60	—	Over 3-month Libor. Noncallable. Fees not disclosed. Denominations \$10,000. [Salomon Brothers Int'l]
Fixed-Coupons						
Crédit Local de France	\$200	1997	7 1/4	101.03	99.75	Noncallable. Fees 1 1/4%. [Bor. Stearns Int'l]
Finnish Export Credit	\$100	1996	zero	87.74	—	Reoffered at 87.23. Yield 6.56%. Noncallable. Fees not disclosed. [Carnegie Europe]
Intelcor	\$200	2004	8 1/4	100.925	99.80	Reoffered at 99.6. Noncallable. Fees 2%. [CS First Boston]
Japan Development Bank	\$500	1999	7 1/4	101.035	99.00	Reoffered at 99.42. Noncallable. Fees 1 1/4%. [RJI Int'l]
Morgan Guaranty Trust	\$200	1996	7	100.99	99.85	Reoffered at 99.99. Noncallable. Fees 1 1/4%. [J.P. Morgan Securities]
Sweden	\$300	1996	6 1/4	100.906	99.75	Reoffered at 99.906. Noncallable. Fees 1 1/4%. [Morgan Stanley Int'l]
World Bank	DM 2,000	1999	7 1/4	99.432	99.50	Noncallable. Fees 0.25%. [Deutsche Bank]
Council of Europe	£100	1996	8 1/4	100.95	—	Reoffered at 99.95. Noncallable. Fees 1 1/4%. [S.G. Warburg Securities]
Commerzbank Overseas Finance	FF 2,000	1999	7 1/4	101.355	—	Reoffered at 99.78. Noncallable. Fees 1 1/4%. [Crédit Commercial de France]
Horus	FF 1,000	2004	8 1/4	98.56	—	Noncallable. Fees not disclosed. [Société Générale]
Banque Nationale de Paris	FF 150,000	1996	11 1/4	101 1/4	99.95	Noncallable. Fees 1 1/4%. [Crédit Italien]
Deutsche Bank Finance	DM 200,000	1996	11	101.075	99.95	Noncallable. Fees 1 1/4%. [Deutsche Bank]
Johnson and Johnson	DM 200,000	1998	11 1/4	101.175	99.75	Reoffered at 99.775. Noncallable. Fees 1 1/4%. [BVI Luxembourg]
Eurofima	DF 250	2004	7 1/4	101.20	99.80	Reoffered at 99.65. Noncallable. Fees 1 1/4%. [ABN-AMRO Bank]
Commerzbank Overseas Finance	DF 250	1999	7 1/4	101.56	100.10	Reoffered at 99.96. Noncallable. Fees 1 1/4%. [ING Bank]
Bank Austria	As\$ 100	2004	10 1/4	101.58	100.00	Noncallable. Fees 2 1/4%. [Banco de Zeele Wiedl]
Finnish Export Credit	¥20,000	1997	3 1/4	99.99	—	Noncallable. Fees 0.35%. [Yamochi Int'l]
Swedish National Housing Finance Corp.	¥22,000	1997	3.60	99.99	—	Noncallable. Fees 0.30%. [Nippon Int'l]

DOLLAR: Eerie Calm Settles on Currency Markets

Continued from Page 9

rates will be increased another half percentage point to 5.25 percent from 4.75 percent.

"The dollar is out of the woods," said Mr. Reynolds. "It's been forming a base since its summer lows against the Deutsche mark and the yen."

He sees last week's partial U.S.-Japanese trade accord as establishing "a cap" on the yen and expects continuing U.S. rate increases carrying overnight money to 6 percent to give the dollar the interest-rate advantage it needs to move up against the mark.

Paul Chertkow, of Union Bank of Switzerland, sees the dollar at 1.65 DM within three months on the assumption that Mr. Kohl wins and that German interest rates decline a further quarter point by early winter.

Neil MacKinnon, of Citibank in London, agrees that the perception of an imminent Fed rate hike will help boost the dollar.

"But it's difficult to get overly bullish," he added. "The dollar is in a technical correction

that could possibly take it up to the mid 1.60s against the mark and down to 1.03 yen, but its long-term upturn remains in place."

John Taylor, of FX Concepts Inc. in New York, concurs that the "the dollar is currently in a weak uptrend," but he adds "that should end by next month, if not sooner." He predicted the dollar would fall to the low 1.40s against the mark and retest the record low of 1.39 DM.

Ronald Leven, of J.P. Morgan in New York, sees the dollar "below 1.50 DM and around 93 yen" by the end of the year. "It's premature to look for the dollar bottoming," he said. "It's preparing to go lower."

Mr. Leven asserts that European institutional investors are still heavily invested in dollars that were purchased at around 1.62-1.65 DM.

"Given we've been, they'd love nothing better" than to be able to close the positions, he said. "Above 1.60 DM," he added, "regardless of what happens in the German election, there will be a tremendous

amount" of dollar selling in Europe.

At the same time, Morgan predicts that balance-of-payments trends will keep the yen under upward pressure. To change the dollar's negative dynamics, Mr. Leven said, "We need to see clear evidence that the Japanese current-account surplus is declining." Morgan does not expect a sustained decline to occur before mid-1995.

"We also need to see U.S. short-term rates some 1.5 percentage points higher than they are and investors have to feel that the Fed has done enough to contain inflation and is finished tightening," Mr. Leven said.

Morgan analysts, who have been consistently ahead of the consensus on U.S. growth and inflation prospects now warn that a pickup in wage inflation "appears imminent" and predict that the Fed will raise rates by one percentage point before the end of the year.

In their weekly Global Data Watch, Morgan analysts caution that "a different cloud may soon drift into view" to upset markets: "the growing possibility of a recession within 18 months or so."

WORLD STOCKS IN REVIEW

Via Agency France-Press

Amsterdam

The exchange ended the week stronger after sluggish performance earlier in the session on the back of a drop in the German bond market, which briefly dragged the EOE index down.

In buoyant trading Friday, the index put on 2.09 points to reach 302.87 points, dealers at ABN-Amro bank said, as some 1.1 billion guilders worth of shares changed hands.

The U.S. unemployment figures for September encouraged the market, but it was still a day of mixed performances. For many large firms, Akzo Nobel chemicals lost 0.70 guilders to 196.10 and Unilever slipped 0.70 to 192.90. But Royal Dutch/Shell pushed ahead 2.30 guilders to end at 187.50, and Philips edged up 0.20 to 52.40.

Frankfurt

The market was uneasy last week amid tensions in the bond market and uncertainty about the result of the German legislative elections on Oct. 16, traders said.

The DAX index dropped 2.54 percent on the week to end at 1,960.59 points, its lowest close of the year. The indicator had lost more than 4 percent the previous week.

Commerzbank said in its weekly report that Frankfurt had not managed to shake off domination by the bond market, which has generally followed the U.S. bond market lead. The strength of the U.S. economic recovery has created fears of a tightening of monetary policy to ward off inflation, and those fears have hurt the market.

One trader said the Frankfurt exchange was, for now, a "scene of continuous depression feeding on American economic indicators." But Commerzbank said it expected a recovery in the middle term because of a resurgent German economy and a rising trend in company earnings until 1997.

Hong Kong

Stock prices fell in volatile trading due to lingering concerns about further U.S. interest rate increases.

The blue chip Hang Seng Index shed 236.36 points to close the week at a six-week low of 9,284.88.

Brokers said trading would remain volatile with strong selling pressure unless there was confirmation of a further U.S. rate hike to ease investors' concerns.

London

The exchange again experienced a rough ride, jolted by concerns over inflation and a possible interest-rate increase in the United States.

The Financial Times-Stock Exchange 100 index of leading shares ended the week at 2,998.7 points — the level in mid-July — after registering a weekly drop of 27.6 points or 0.9 percent.

Banks were hit after S.G. Warburg and Hambros predicted sharp drops in profit due to turbulence on the financial markets.

Milan

The exchange lost 6.86 percent last week as the conflict between the government and the judiciary deepened, dragging the Mibtel real time index down to 10,094 points.

News that police had raided the headquarters of Prime Minister Silvio Berlusconi's Fininvest group precipitated a 222-point drop, leaving the index a full 22.5 percent down from its year's high on May 10.

A rush of selling in key Mibtel issues heightened doubts about the exchange's ability to withstand more conflict involving the group.

Paris

A downward trend continued last week as the CAC-40 plunged at one point to its worst level of the year before a technical rebound took it back up slightly to end the session at

1,856.38, representing a loss of 1.2 percentage points on the week.

Friday's better-than-expected U.S. unemployment figures did bring some relief, sparking a 0.71 percent rise on the day. But the market is currently 18.16 percent behind its Jan. 1 level and 21.7 percent behind its 1994 high.

Losses on the bond markets have been equally strong, with drops of 17 percent in eight months, pushing 10-year bonds to 8.3 percent from 5.6 percent in January, an unprecedented scenario in such a short time, according to dealers.

Singapore

Share prices ended the week lower on profit-taking and renewed fears of interest rate hikes in the United States.

The key blue-chip indicator, the Straits Times Industrials index, fell 2.54 points to 2,330.09, while the broader-based SES All-Singapore index gained 2.66 points to 574.74.

Tokyo

Share prices rebounded, with brokers relieved at news that Tokyo and Washington narrowly averted a breakdown in key trade negotiations.

The Nikkei Stock Average of 225 selected issues rose 180.94 points, or 0.9 percent, to 19,744.75 points, after falling 269.86 points the previous week.

After opening at 19,669.03 points on Monday, the key indicator remained relatively firm in the wake of the news that the United States and Tokyo had reached a partial accord.

Zurich

The Swiss Performance Index dropped 22.66 points or 1.3 percent to end at 1,660.7.

The downward movement was fueled by signs of the U.S. economy overheating and fears of impending rate rises, along with the dollar's continued weakness. Rising bond yields also played their part in adding to the overall gloom.

Microsoft And China In 'Battle of Strength'

Reuters

BEIJING — China said Sunday it was involved in difficult talks with the U.S. computer software giant Microsoft Corp. on standards for a Chinese version of the popular Windows operating system.

"Although some progress has been made, negotiation is rather tough," Yang Tianxing, head of the computer department in the Ministry of Electronics Industry, told the China Daily Business Weekly.

"It is a battle of strength," he said.

Since April, China and Microsoft have had 10 rounds of negotiations over a Chinese version of Windows.

China does not allow the Microsoft version developed in Taiwan and Japan to be sold on the domestic market because it does not meet with China's standards, the newspaper said.

China's objection is believed to stem from Microsoft's decision to design the Chinese version of Windows together with Taiwan and Japan, but without participation from Beijing. This resulted in different standards for characters and type styles.

The talks are important because of the potentially huge size of the Chinese computer market.

Microsoft's chairman, Bill Gates, came to Beijing in March to lobby for his company's system, saying that the market, not governments, should decide standards.

Key Trade Talks Set

China on Sunday urged the United States to resolve outstanding trade disputes amicably in order to further improve relations between the two countries, Reuters reported from Beijing.

The China Daily Business Weekly, previewing trade talks in Beijing this week, quoted a Chinese official as saying "Sino-U.S. economic relations have gained steam recently and will see greater gains if the existing skirmishes are resolved smoothly, based on mutual understanding and equality."

Deputy U.S. Trade Representative Charlene Barshefsky will hold negotiations on a host of potentially difficult trade issues, including intellectual property rights, China's entry into the world trading organization GATT and the access U.S. companies have into the potentially huge Chinese market.

China maintains it is already following all the previous agreements on trade issues it has with the United States and that it is Washington that is failing to meet its own commitments.

Euromarts At a Glance

U.S. & Foreign	Oct. 7	Sept. 30	Yr. Chg.	Yr. High	Yr. Low
U.S. & Foreign	7.54	7.57	2.56	5.45	4.23
U.S. & Foreign	7.54	7.57	2.56	5.45	4.23
U.S. & Foreign	7.54	7.57	2.56	5.45	4.23
U.S. & Foreign	7.54	7.57	2.56	5.45	4.23
U.S. & Foreign	7.54	7.57	2.56	5.45	4.23
U.S. & Foreign	7.54	7.57	2.56	5.45	4.23
U.S. & Foreign	7.54	7.57	2.56	5.45	4.23
U.S. & Foreign	7.54	7.57	2.56	5.45	4.23
U.S. & Foreign	7.54	7.57	2.56	5.45	4.23

Weekly Sales	Oct. 6	Oct. 7	Oct. 8	Oct. 9	Oct. 10
Stratistics	18.50	19.40	20.30	21.20	22.10
Comet	1.00	1.10	1.20	1.30	1.40
FRN	2.50	2.60	2.70	2.80	2.90
ECF	4.50	4.60	4.70	4.80	4.90
Total	26.50	27.60	28.70	29.80	30.90

Stocks	Oct. 6	Oct. 7	Oct. 8	Oct. 9	Oct. 10
Stratistics	12.50	13.50	14.50	15.50	16.50
Comet	1.00	1.10	1.20	1.30	1.40
FRN	2.50	2.60	2.70	2.80	2.90
ECF	4.50	4.60	4.70	4.80	4.90
Total	20.50	21.60	22.70	23.80	24.90

Libor Rates	Oct. 7	Oct. 8	Oct. 9	Oct. 10	Oct. 11
U.S. 1-month	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
U.S. 3-month	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
U.S. 6-month	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
U.S. 9-month	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
U.S. 12-month	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4

LIBOR Rates	Oct. 7	Oct. 8	Oct. 9	Oct. 10	Oct. 11
U.S. 1-month	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
U.S. 3-month	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
U.S. 6-month	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
U.S. 9-month	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
U.S. 12-month	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4

LIBOR Rates	Oct. 7	Oct. 8	Oct. 9	Oct. 10	Oct. 11
U.S. 1-month	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
U.S. 3-month	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
U.S. 6-month	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
U.S. 9-month	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
U.S. 12-month	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4

LIBOR Rates	Oct. 7	Oct. 8	Oct. 9	Oct. 10	Oct. 11
U.S. 1-month	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
U.S. 3-month	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
U.S. 6-month	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
U.S. 9-month	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
U.S. 12-month	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4

LIBOR Rates	Oct. 7	Oct. 8	Oct. 9	Oct. 10	Oct. 11
U.S. 1-month	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
U.S. 3-month	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
U.S. 6-month	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
U.S. 9-month	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
U.S. 12-month	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4

Bonds Await September Price Data

Compiled by Our Staff From Dispatches

NEW YORK — The bond market heads into a week that will bring two major reports on prices in September and possible added pressure on the Federal Reserve Board to increase interest rates again.

Some traders were less concerned than others about the upcoming data — the

U.S. CREDIT MARKETS

producer price report and the consumer inflation index — because they believe the market has already priced in a rate increase of 50 basis points.

The market also will be keeping close watch on the situation along the Iraq-Kuwait border. Traders said the market could easily become focused on this crisis if it is not quickly resolved.

The market may get some respite on

Monday because the Public Securities Association, a trade group of securities dealers, is recommending that the Treasury market close in observance of the Columbus Day holiday. But many dealers say they will maintain a small staff.

John Kim, chief investment officer at Aetna Life Insurance & Annuity Co., said that caution also will continue to dominate the market at least until investors become convinced that the Fed has finished tightening credit.

The September producer price index, due Thursday, is expected to show a 0.4 percent rise in the core rate, which excludes food and energy costs. Steven

Northern, a senior vice president and portfolio manager at Massachusetts Financial Services, said such a gain would fuel market concerns about inflation.

The outlook for Friday's consumer price report is more upbeat, with the

consensus predicting a 0.2 percent rise overall and a 0.3 percent increase in the core rate.

"The pressure just kind of intensifies as we get closer to the inflation numbers," said Robert Schumacher, chief fixed-income strategist at Kemper Financial Services.

Bond prices got a boost Friday by a strong unemployment report for September, leaving the yield on the 30-year bond at 7.91 percent and at 6.62 percent on the two-year Treasury note. A week earlier, the 30-year bond stood at 7.81 percent, and the two-year Treasury note at 6.58 percent.

With September nonfarm payrolls rising by 239,000, some analysts pushed back the timing of the Fed's next tightening move to its Nov. 15 Federal Open Market Committee meeting.

(Knight-Ridder, N.Y.)

FEAR: European Focus on Rates

Continued from Page 9

very suspicious of optimistic forecasts of the pace of growth in the second half of next year," said Philippe Brossard, chief economist of Credit Lyonnais Capital Markets International in Paris.

Economists warn however, that if long-term rates remain high or rise even further into next year as demand for borrowed funds from corporations begins to pick up, the effect on the recovery could be more pronounced. Most think that the bond markets take far too grim a view on the risk of future

inflation even in America, where economic growth is strongest and spare production capacity in shortest supply.

Mr. Hawkins faults the bond markets for a lack of patience. He says that instead of waiting to see how much steam rising interest rates have taken out of

the recovery, they push rates higher at every indication that American output continues to grow.

"The market continually looks for weaker figures the next month when interest rates normally take at least a year to produce an impact," he says.

Curiously, some European economists argue that at this point the best thing

NASDAQ NATIONAL MARKET

Consolidated trading for week ended Friday, Oct. 7.
(Continued)

Stocks	Div	Yld	100	High	Low	Chg	Chg
Alcoa	2.4	3.5	27.1	19.5	19.5	-1.0	-1.0
Alcoa	2.4	3.5	27.1	19.5	19.5	-1.0	-1.0
Alcoa	2.4	3.5	27.1	19.5	19.5	-1.0	-1.0
Alcoa	2.4	3.5	27.1	19.5	19.5	-1.0	-1.0
Alcoa	2.4	3.5	27.1	19.5	19.5	-1.0	-1.0
Alcoa	2.4	3.5	27.1	19.5	19.5	-1.0	-1.0
Alcoa	2.4	3.5	27.1	19.5	19.5	-1.0	-1.0
Alcoa	2.4	3.5	27.1	19.5	19.5	-1.0	-1.0
Alcoa	2.4	3.5	27.1	19.5	19.5	-1.0	-1.0
Alcoa	2.4	3.5	27.1	19.5	19.5	-1.0	-1.0

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Alcoa	2.4	3.5	27.1	19.5	19.5	-1.0	-1.0
Alcoa	2.4	3.5	27.1	19.5	19.5	-1.0	-1.0
Alcoa	2.4	3.5	27.1	19.5	19.5	-1.0	-1.0
Alcoa	2.4	3.5	27.1	19.5	19.5	-1.0	-1.0
Alcoa	2.4	3.5	27.1	19.5	19.5	-1.0	-1.0
Alcoa	2.4	3.5	27.1	19.5	19.5	-1.0	-1.0
Alcoa	2.4	3.5	27.1	19.5	19.5	-1.0	-1.0
Alcoa	2.4	3.5	27.1	19.5	19.5	-1.0	-1.0

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Alcoa	2.4	3.5	27.1	19.5	19.5	-1.0	-1.0
Alcoa	2.4	3.5	27.1	19.5	19.5	-1.0	-1.0
Alcoa	2.4	3.5	27.1	19.5	19.5	-1.0	-1.0
Alcoa	2.4	3.5	27.1	19.5	19.5	-1.0	-1.0
Alcoa	2.4	3.5	27.1	19.5	19.5	-1.0	-1.0
Alcoa	2.4	3.5	27.1	19.5	19.5	-1.0	-1.0
Alcoa	2.4	3.5	27.1	19.5	19.5	-1.0	-1.0
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Alcoa	2.4	3.5	27.1	19.5	19.5	-1.0	-1.0
Alcoa	2.4	3.5	27.1	19.5	19.5	-1.0	-1.0
Alcoa	2.4	3.5	27.1	19.5	19.5	-1.0	-1.0
Alcoa	2.4	3.5	27.1	19.5	19.5	-1.0	-1.0
Alcoa	2.4	3.5	27.1	19.5	19.5	-1.0	-1.0
Alcoa	2.4	3.5	27.1	19.5	19.5	-1.0	-1.0
Alcoa	2.4	3.5	27.1	19.5	19.5	-1.0	-1.0
Alcoa	2.4	3.5	27.1	19.5	19.5	-1.0	-1.0

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INFORMATION MANAGEMENT CONSULTANTS	James Martin & Co	Fax: (703) 715-4212
DIRECTOR OF MARKETING EUROPE	World Leader in Electrical/Electronic Connection Devices	Box 828 IHT Via Cassolo 6 20122 Milan Italy
US REGIONAL MANAGER		Box D436 IHT Paris 92521 Neuilly Cedex France
ASSISTANT GENERAL MANAGER	Kienbaum und Partner	Kienbaum und Partner Postfach 100552 - D51605 Gummersbach Germany
DIRECTOR FUND RAISING	Finders S.A.	Fax: (41.21) 312-99-60
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Herald Tribune

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Delta Air Lines' Destinations Map



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TODAY LOVE THE WAY WE FLY

Whistle-Blowing: Risky and Costly

By Susan Antilla
New York Times Service

NEW YORK—When you tell the boss about dirty dealings in the office in October and get fired in December, is it a coincidence of the timing of corporate cutbacks? Or is it a nifty way to gag a troublemaker who knows too much about the way things work?

A former senior trader on the bond trading desk in Merrill Lynch & Co.'s Dallas office says he wound up on the street because management did not want to hear his tales of malfeasance in the trading room. In the end, he claims, his boss told him that if he spilled the beans to company lawyers, he risked being blacklisted on Wall Street.

Merrill said it listened to the trader's allegations, acted on some of them and laid him off as part of an unrelated corporate downsizing. The former employee's decision to speak publicly about the case before appearing at an arbitration proceeding was inappropriate, said Jim Wiggins, a Merrill spokesman.

"We're not going to get involved in a point-by-point response to his allegations in the press, even though we know that there can be a cost to Merrill Lynch in not doing so in this post-O.J. Simpson era where an individual's legal and public relations strategy are one and the same," Mr. Wiggins said.

A panel of arbitrators for the National Association of Securities Dealers Inc. will decide whether the claims of Raymond C. Quinn, now a bond trader at Barre & Co. in Dallas, are true.

Mr. Quinn, who was dismissed on Dec. 20, gave his boss a litany of alleged securities violations in the Dallas office during a

meeting on Oct. 20. That was the second time he had met with a manager to reveal alleged improprieties.

Among his allegations: that traders were raising the prices of bonds more than five percent before selling them to individual investors, an excessive hidden commission that violates guidelines of the National Association of Securities Dealers; and that

A former senior trader with Merrill Lynch says he wound up on the street because management did not want to hear his tales of malfeasance.

Merrill had held bonds in its own account in order to conceal the fact that an institutional client actually owned the bonds, a violation of securities laws.

Management's response, according to an arbitration complaint filed by Mr. Quinn on Aug. 5: The boss said that if Mr. Quinn spoke to Merrill's New York attorneys, he "would over work on the Street again."

A Merrill spokesman noted that Merrill encourages whistle-blowing and that it has set up a confidential 800-number for employees to call if they spot dishonest business practices. In an interview last week, however, Mr. Quinn said that his managers had given him every signal imaginable that airing Merrill's dirty laundry was a mis-

take. From then on, the complaint said, "Quinn became a marked man."

Although Mr. Quinn's trading revenues in 1992 exceeded those of 1991, Merrill cut his bonus for 1992 — as it happens, just two months after he first went to management with concerns about excessive mark-ups on bonds.

By April 6, 1993, Mr. Quinn received a memo from a Merrill boss telling him that he was not a good team player. Mr. Quinn says he was the major producer of revenues in the municipal bond group in Dallas but that claim could not be confirmed because Merrill would not comment on the specifics of the case.

The complaint says that Mr. Quinn spotted other problems last spring and summer, which he brought to a boss's attention at the ill-fated "never work on the Street again" meeting in October.

According to the complaint, Joseph A. Moglia, managing director of Merrill's municipal division, "suggested that Quinn not pursue the matter any further" when Mr. Quinn passed on information about possible anti-twisting of Merrill employees to make contributions to local politicians.

Among alleged violations relayed to Mr. Moglia were that:

• a Merrill colleague had bought bonds from a retail customer five points below the going price on Wall Street, a practice known as "picking off" a customer.

• another colleague was keeping a separate set of books with a St. Louis brokerage firm to hide payments to that firm for bringing business to Merrill.

• a third colleague may have set aside bonds for himself, wishing to see if they rose in price so that he could make a profit by buying them later at Merrill's cost.

Gouging Aside, Foreigners Favor Seoul

By James Sterngold
New York Times Service

SEOUL—Over the past year, South Korea has had one of the hottest stock markets in a hot region, and foreign investors have piled in.

The Korea Composite Stock Price Index has risen 25 percent since April alone, and most analysts expect the rally to continue. The question is whether foreigners are paying too high a price for the right to buy into the action.

The root of the problem is that the government limits access to the Seoul Stock Exchange. The market was completely closed to foreign capital until early 1992, and even then strict caps were placed on the aggregate number of shares foreigners could buy.

South Korea has often been touted as an example of how the capitalist spirit is transforming East Asia, but the economy is tightly regulated by central gov-

ernment planners, and that extends to the financial markets.

The government openly admits to intervening in the market to control price movements in pursuit of its policy aims.

Nevertheless, a slow, step-by-step liberalization process is under way. The government announced last week that the cap on holdings by foreigners, now set at an aggregate level of 10 percent of a single company's shares, will rise to 12 percent on Dec. 1, and to 15 percent by the end of next year.

The reaction to the news was mixed. On the one hand, the increase helps foreign investors, mostly mutual funds and big institutions. Already, more than 200 companies are at the 10 percent limit, so the increase is likely to result in a flurry of buying in popular issues.

On the other hand, such restrictions seem out of place for an economy as dynamic as South Korea's.

Worse, it means that foreign-

ers still have to pay more for most shares than domestic investors, a form of discrimination that irks foreign fund managers and brokers.

Because foreigners are bidding for just 10 percent of the shares of any one company, demand far exceeds supply.

Korean investors, or brokers, can snap up shares in popular companies, then sell them to foreigners at a premium.

Milton S. Kim, senior managing director of Sangyong Investment & Securities Co., said the premium is often as much as 20 to 30 percent.

Most foreign fund managers have bought the shares anyway, because of their eagerness to gain a foothold.

"It really is a handicap," said Thae S. Khwang, managing director of Asset Korea Ltd., a fund management firm. "You see a stock you really like and maybe you don't mind paying a 20 percent premium at first, but when you're running a fund

that is valued every week, it's a burden to have the market price below what you paid."

The market rallied sharply this week after the announcement that the cap would be raised. Domestic investors snapped up shares of the most popular blue chip shares, anticipating that foreigners would have no choice but to pay inflated prices.

"If this continues, foreigners will be afraid they're being stuffed in at the top of the market and they won't go for it," said Scott Foster, a senior analyst in Seoul with Merrill Lynch. "They have fallen for this ramping of prices before. But they're consenting adults."

Indeed, analysts say that ultimately it is a matter of whether the market is expected to perform well. Nobody wants to miss an elevator on the way up and prices here are expected to be much higher from their current record levels for another year or more.

The Week Ahead: World Economic Calendar, Oct. 10 - 15

A schedule of this week's economic and financial events, compiled for the International Herald Tribune by Bloomberg Business News.

Asia-Pacific

- Oct. 10 Japan Health-Sports Day holiday.
- Oct. 10 Singapore Asia Pacific Derivatives Exhibition, featuring seminars and exhibits by vendors, brokerage firms, banks and exchanges. Raffles City Convention Center. Through Oct. 12.
- Oct. 10 Taiwan National Day holiday.
- Oct. 11 Tokyo Economic Planning Agency releases machinery orders for August.
- Oct. 12 Tokyo Federation of Banks Association releases banking deposits and loans at Japan's 11 city banks during September.
- Oct. 13 Canberra Australian employment data for September. Forecast: jobs rise to drop from 9.5 percent in August.
- Oct. 13 Wellington New Zealand Treasury to release government's budget details for year ended June 30. Forecast: First surplus in 18 years, over \$27 million dollars.
- Oct. 13 Singapore Singapore Informatics '94, an exhibition of information technology products and services from more than 150 companies at the World Trade Center. Through Sept. 15.
- Oct. 14 Melbourne National Australia Bank to release business confidence survey.
- Oct. 14 Singapore Co-chairing of the Europe/East Asia Economic Summit. Speakers include Prime Minister Goh Chok Tong of Singapore, Prime Minister Mahathir bin Mohamad of Malaysia, President Fidel V. Ramos of the Philippines, and Prince Norodom Ranariddh, first prime minister of Cambodia.
- Oct. 15 Melbourne Prime Minister Paul Keating attends Labor Party state conference.

year ended June 30. Forecast: First surplus in 18 years, over \$27 million dollars.

Oct. 15 Luxembourg EU finance ministers meet to discuss budget deficits.

Oct. 15 Frankfurt Bundesbank council meeting.

Oct. 14 Amsterdam July-August industrial sales.

Oct. 10 United States Columbus Day holiday. Some financial markets are closed.

Oct. 11 Washington Commerce Secretary Ronald H. Brown hosts round-table on U.S.-Palestinian business.

Oct. 12 Boston Association for Commercial Real Estate hosts annual conference, RealEstate '94. Speakers include Labor Secretary Robert B. Reich and Governor William Weld of Massachusetts. Through Oct. 15.

Oct. 14 Washington Federal Reserve reports September industrial production and capacity utilization.

Oct. 18 San Francisco Association of Computing Machinery International conference on Multimedia. Through Oct. 20.

Oct. 11 Frankfurt IG Metall union announces 1995 pay claim for metalworkers.

Oct. 12 Madrid Markets closed for national holiday.

Brussels European Commissioners meet to decide whether to allow 11 billion

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TAIWAN



The traditional art of calligraphy survives in a Taiwan that has become the world's thirteenth largest trading nation, as is shown inside the busy World Trade Center in Taipei (right).



ECONOMIC SUCCESS SET TO CONTINUE

GDP is expected to grow by 9.7 percent per year.

In just forty years, Taiwan has been transformed from an agricultural backwater to an economic giant. GNP grew at an average rate of 9.1 percent in the 1960s, 10.2 percent in the 1970s and 8.2 percent in the 1980s. Even during the 1993 global recession, Taiwan's growth reached 5.9 percent and its GNP stood at \$220 billion, the twentieth highest in the world. According to Vincent Siew, chairman of the Council for Economic Planning and Development, GDP will continue to grow at an average annual rate of 9.7 percent between 1995 and 2005 once Taiwan has entered GATT.

This extraordinary prosperity has been built on the strength of Taiwan's export performance. Exports continue to soar, and Taiwan is now the world's thirteenth largest trading nation. In 1993, total exports amounted to \$84.9 billion while imports totaled \$77 billion. Thanks to persistent trade surpluses like this, Taiwan now holds the world's largest foreign-exchange reserves.

prints are expected to be published by the Ministry of Economic Affairs in the next few months. Taiwan's strategic position midway between northern and southern Asia, along with its proximity to China, skilled workforce and abundant capital resources, are all cited as the advantages that will help it reach this goal.

Incentives are being offered to foreign corporations that will assist in the development of strategic industries. Banking and financial regulations have undergone a thorough liberalization and foreign banks can now set up branch offices in Taiwan. Foreign institutional investors can buy and sell securities.

Global perspectives Taiwan has applied for admission to GATT as "the separate customs territory of Taiwan, P'enghu, Kinmen and Matsu," and, according to analysts, should be admitted within months, at the same time as mainland China.

The Taiwan government plans, in addition, to participate in the Asia Pacific Economic Cooperation (APEC) and the Organization for Economic Cooperation and Development (OECD).

The emergence of world trading blocs like the European Union and NAFTA has made clear to Taiwan the advantages of a level playing field in world trade, and the government has stated a commitment to free trade.

Goods are now permitted to pass freely in and out of Taiwan, provided the shipments do not violate international conventions nor trade agreements, and do not concern national defense, public safety, culture, health, environment, wildlife conservation or industrial policy.

Taiwan and China Taiwan and mainland China technically remain in a state of war, and relations periodically become tense as mainland China continues to oppose Taiwan's policy of pragmatic diplomacy in the world community.

Indirect trading links and cultural ties between the two countries, however, are growing ever stronger. The Mainland Affairs Council has been set up to review all matters relating to cross-strait relations, with the aim of eventually achieving a peaceful reunification of China to the satisfaction of both the Taiwanese and mainland Chinese governments.

The recent rejection of Taiwan's second application to join the United Nations because of a veto by mainland China came as no surprise to Taiwan's leaders, who nonetheless remain firm in their resolve to gain admittance.

Taiwan's government intends to take an active role in world affairs and to work with the world community to find an equitable way to be admitted to the UN.

"Justice delayed is better than justice denied," according to the country's foreign affairs ministry.

NEW STRATEGIES, NEW INDUSTRIES AS TAIWAN GOES GLOBAL

Fred C.H. Feng, deputy director, International Cooperation Dept., Ministry of Economic Affairs, discusses Taiwan's development plans and ambitions.

What are the challenges that Taiwan now faces in consolidating its successful trade position?

Our main challenge is that in recent years increased prosperity has caused land and labor costs to rise greatly, and as a result our comparative advantage in traditional labor-intensive manufacturing has begun to decline. We now have to increase our productivity and upgrade our industries away from labor-intensive products to more high-tech products with greater value-added.

How is Taiwan's industrial base being upgraded?

We have been making great efforts to help our companies forge strategic alliances with leading multinational companies so that we can upgrade our technical expertise. We have identified strategic growth industries and offer assistance and tax incentives to foreign companies with expertise in these fields.

In addition, we have embarked upon an ambitious \$300 billion development plan to upgrade our infrastructure and improve the

investment climate.

Will Taiwan join GATT?

We are holding bilateral talks with many GATT member countries, and we are confident that we can meet the criteria for GATT entry. The elimination of tariff and non-tariff barriers, the removal of foreign exchange controls, the reinforcement of intellectual property rights and the wider opening of our economy to foreign firms are just a few of the many steps we have taken.

What ambitions do you have for Taiwan?

We would like to play a greater role on the world stage in keeping with our importance as the world's thirteenth-largest trading entity. We also wish to join the OECD as well as GATT, and will continue to lobby for a seat in the United Nations. We would also like to develop the ROC [Taiwan] as a regional operations center for businesses seeking to tap the Asian market, especially mainland China; we believe our strategic location, political stability and skilled workers make the ROC an ideal base.



Fred C.H. Feng: "We have identified strategic growth industries."

New industrial structure

As with the other three of Asia's so-called Four Dragons, Taiwan's rapid development has come mainly from a proliferation of labor-intensive industries such as textiles and footwear manufacturing. Taiwan's competitively priced goods have made their way into households all over the world.

The prosperity of recent years has given rise to a greater standard of living for most of Taiwan's population. Per capita GNP is now \$10,566, the twenty-fifth highest in the world.

Land and labor costs have soared, however, and productivity has fallen; Taiwan has lost some of its comparative advantage. Entrepreneurs are seeking opportunities elsewhere in the region where land and labor costs are lower.

Taiwan's government has therefore introduced measures to upgrade its industries and has created incentives for industry to invest in much-needed high-tech production to establish a new comparative advantage. The label "Made in Taiwan" is no longer synonymous with cheap plastic toys, but with advanced technology such as computers and components.

Taiwan's aim to focus on more high-tech industry requires substantial domestic and inward investment. To stimulate a more beneficial investment climate, the government embarked on an ambitious \$300 billion six-year national development plan in 1991.

The project is aimed at upgrading and modernizing the country's infrastructure. The plan was also intended to hasten technology transfer and the transformation of Taiwan into a regional operations center.

The government has created a task force to review how best to turn Taiwan into a regional center for international corporations. Blue-

UNITING THE WORLD THROUGH TRADE



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The service routes of Yang Ming Line stretch out far beyond the horizon to all continents. Its vessels, fully-loaded with cargo, regularly call at harbours around the world. YML provides its clients with on-time, precise, and speedy services in cargo movement.

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Australia: Sydney 2 2991411 Melbourne 3 6131338 Brisbane 7 2212275 Middle East U.A.E. 344700

TOP TEN EXPORT MARKETS

by country (in billions of U.S. dollars)

U.S.A.	23.4
Hong Kong	18.4
Japan	8.9
Germany	3.5
Singapore	2.8
United Kingdom	2.1
The Netherlands	2.1
Thailand	2
Malaysia	1.6
Canada	1.5

Source: Board of Foreign Trade and the Ministry of Economic Affairs, Republic of China, Taiwan

"TAIWAN" was produced in its entirety by the Advertising Department of the International Herald Tribune.
WRITER: Paul J. Hicks, who is based in Hong Kong.
PROGRAM DIRECTOR: Bill Mahler.

SPONSORED SECTION

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T A I W A N

ONE OF WORLD'S KEY TRADING NATIONS

Balancing foreign trade is now the chief element of Taiwan's trade policy.

As an export-oriented economy, Taiwan realizes that trade is its lifeblood.

It is fitting, therefore, that Taiwan should be holding a World Trade Week Oct. 17-23 to mark the 1994 World Trade Centers Association Silver Jubilee General Assembly in Taipei.

The fourth Taipei International Fair, a biannual event that promotes the continuing expansion of world trade and the strengthening of economic ties among nations, will be held during the same period, Oct. 18-23, in the Taipei World Trade Center (TWTC).

These events are being organized by the China External Trade Development Council (CETRA), a two-way trade promotion body funded by the government and private industrial and business organizations. CETRA's functions include gathering trade information, conducting market research, doing market promotion, organizing exhibitions, arranging product promotions and

providing business training and convention services.

CETRA, based at the TWTC, manages the rapidly increasing number of international trade shows held there. The TWTC contains 99,100-square-meter (1.06 million square foot) permanent display of local and international products, with 1,600 booths displaying local products alone. If visitors are interested in a product, CETRA will forward their names to the manufacturer for a follow-up.

Taiwan's trade outlook

While Taiwan's trade prospects continue to be rosy, the export of traditional labor-intensive products has shown a considerable decline in recent years, reflecting the trend of local labor-intensive industries to relocate overseas. As costs continue to rise, Taiwan has lost its comparative advantage in these industries.

Joseph Lee, vice president of Taiwan's Chung-Hua Institution for Economic Re-

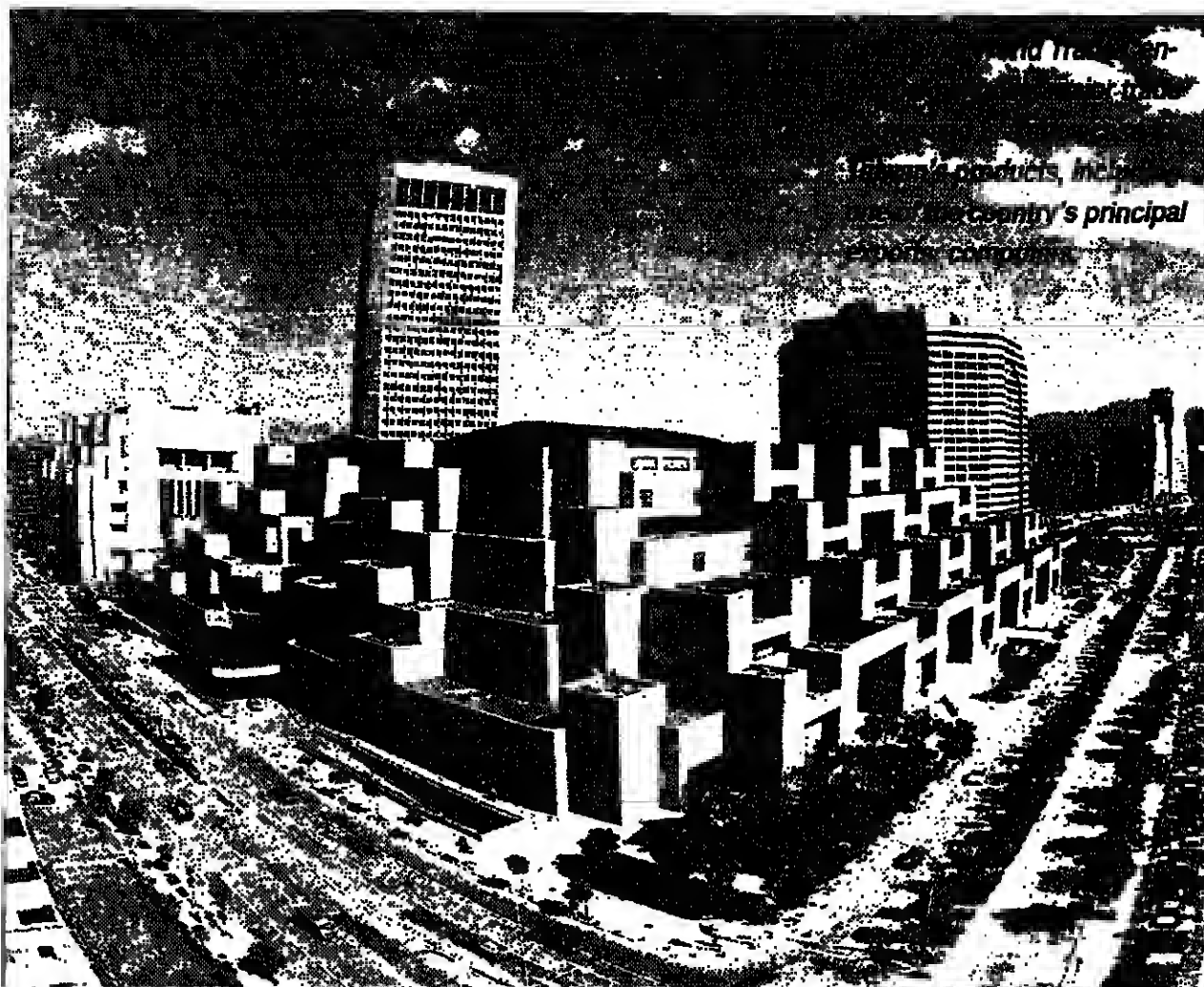
search, notes that light industrial exports as a percentage of total exports have fallen considerably. In 1988, light industrial manufacturing accounted for 53.2 percent of total exports, while this year the figure has fallen to only 42.4 percent. Heavy industries now account for 53.5 percent of exports. By 1993, electronics, machinery, and information and communications products had replaced textile products and footwear as leading export categories.

There has been a shift in the balance of Taiwan's major trading partners, too. Japan and the United States used to account for more than half of Taiwan's trade volume. In 1983, Taiwan shipped 55 percent of its exports to these two countries, and received 50.4 percent of its imports from them. In 1993, while the United States and Japan continued to provide 51.8 percent of Taiwan's imports, their share of exports had declined to 38.2 percent, just

over one third. The main reason is the surge in exports to mainland China.

The United States remains Taiwan's largest trading partner, but dependence on the United States as an export market has decreased. Taiwan continues to accumulate trade surpluses with the United States, but these are showing a decline, dropping to \$6.7 billion in 1993 from \$16 billion in 1987. Of more concern to Taiwan is the continuing trade deficit with Japan, which now supplies over 30 percent of Taiwan's imports but takes only 10.6 percent of its exports. The trade deficit with Japan was \$14.2 billion in 1993, up 10 percent over 1992, and more than twice the 1989 deficit of \$6.9 billion.

Balancing foreign trade is now the most important component of Taiwan's trade policy, not only to reduce friction with trading partners but also to relieve the pressure on monetary stability caused by Taiwan's excessive foreign reserves.



A LEADING SOURCE OF INVESTMENT CAPITAL

Approved investments abroad totaled \$1.66 billion in 1993; the lion's share of Taiwan's overseas investment is in Asia.

With the world's largest foreign-exchange reserves, Taiwan has quickly become one of the principal sources of investment capital in the world. According to the country's Ministry of Economic Affairs, Taiwan is the world's seventh-largest overseas investor.

The vast majority of this investment is within Asia, predominantly mainland China. Around \$19 billion has been invested in China by Taiwanese firms, more than 80 percent of it in the past three years, despite the fact that direct investment from Taiwan to China is forbidden by Taiwan's govern-

ment. All such investment has to go through a third country (in practice, this is usually Hong Kong). Taiwan is also the largest foreign investor in Vietnam, the second-largest foreign investor in both Malaysia and Indonesia, and the fourth-largest in Thailand.

"Most of Taiwan's outward investment is in labor-intensive manufacturing processes, since escalating land and labor costs have made it cheaper for our entrepreneurs to manufacture overseas," says Long Shan Chen, director of the Industrial Development and Investment Center of the Min-

istry of Economic Affairs.

This investment has made Taiwanese businessmen very welcome among their Southeast Asian neighbors, but the outflow of so much capital (approved overseas investments in 1993 totaled \$1.66 billion) deflates funds from Taiwan's domestic industry.

Restrictions are not imposed on outward investment, although all projects require registration with the authorities. The government has instead taken various measures to stimulate domestic investment.

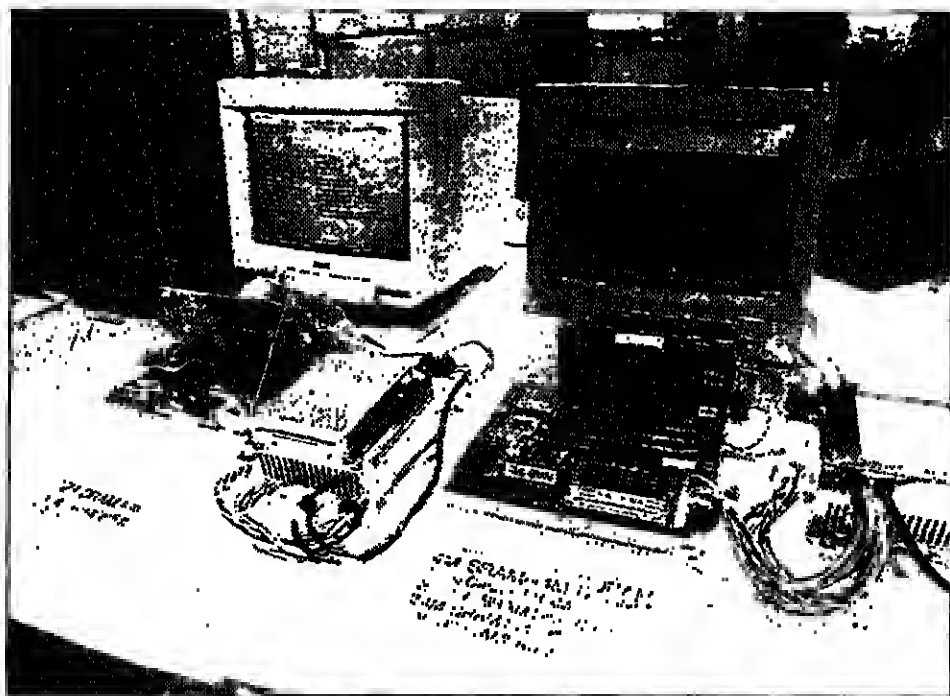
"We expect our outward investment to continue to in-

crease in labor-intensive industries," says Mr. Chen, "but not by as much, since more investment will be concentrated on upgrading our own industries."

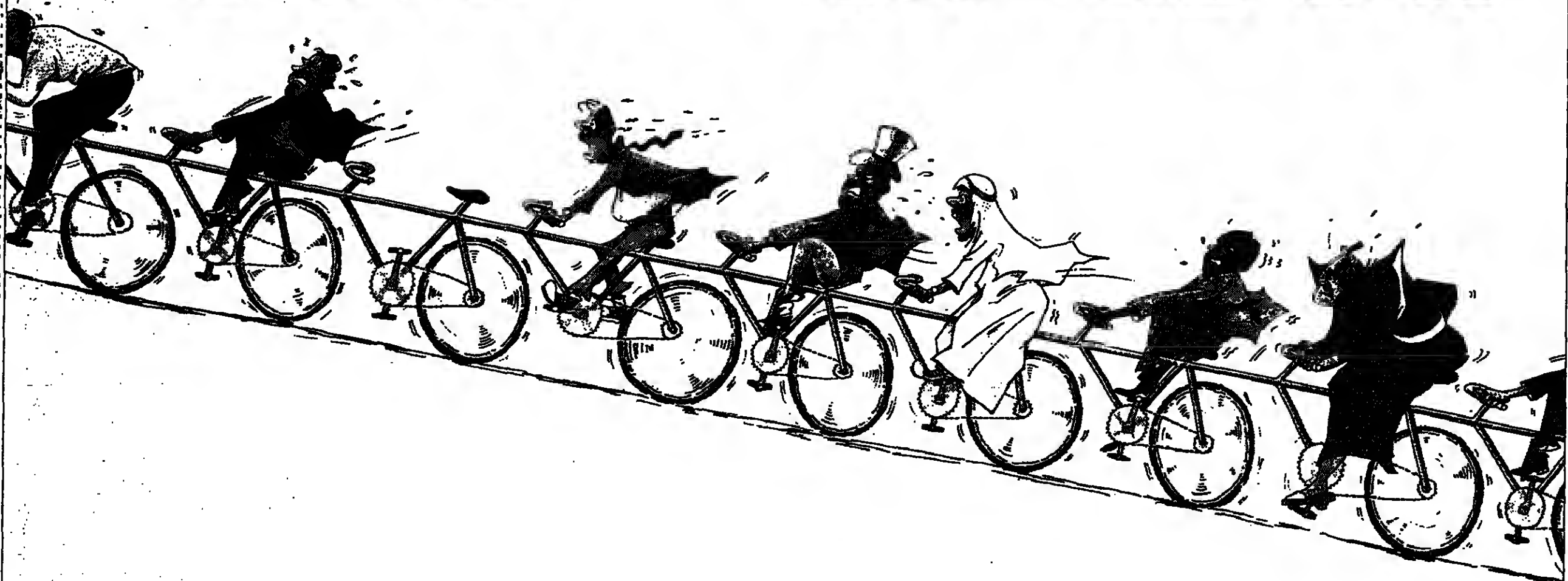
Business opportunities have also helped attract foreign investment into Taiwan. The government has identified ten emerging industries, and is offering many incentives to investors in these areas. They are telecommunications, information, consumer electronics, semiconductors, precision machinery and automation, aerospace, advanced materials, fine chemicals and pharmaceuticals, health

care and pollution control.

Taiwan offers foreign investors administrative assistance and financial support for joint projects in the targeted sectors. The Industrial Development Bureau may subsidize up to 50 percent of the financial management, quality control, production management, material management, marketing, in-service training and design costs of a company that meets the strategic-industry criteria. These companies are also allowed a five-year tax holiday and may be exempt from import tax on equipment imported for R&D work.



WITHOUT A FULL TEAM, IT'S UPHILL FOR THE U.N.



Why has the Republic of China on Taiwan, one of the world's strongest democracies, been banished from the world stage? Such exclusion from the U.N. and other world forums is unfortunate and detrimental to world affairs.

All because of rhetoric that ignores reality.

Communist China says the Republic of China on Taiwan does not exist. But that's a ploy which simply won't work anymore. How is it possible to ignore 21 million people, who make up the world's 20th largest economy, 14th largest trading nation, a blossoming democracy, and a colorful culture?

Communist China also argues that the U.N. is not big enough for two Chinese seats, even if only temporarily, until China's unification is achieved. But the U.N. was big enough for two Germanys, and is still big enough for the two divided parts of Korea. So much for that argument.

Rhetoric can't change reality. The Republic of China on Taiwan exists. The international community should not be bullied into playing along with any charade to the contrary. It's high

time the international community says "no" to Peking's attempts to block the Republic of China from assuming its rightful role as a responsible, charitable and key member of the U.N. family of nations.

Yes. The 21 million Chinese on Taiwan are ready, willing and able to assume a role in the U.N., to do their share in building a better U.N. and more harmonious world. Their continued exclusion is no longer justified. Reality and reason, not rhetoric, should make the world go round.

So, isn't it time for the U.N. to give the Republic of China on Taiwan a chance to participate in the most august of world bodies?

The Republic of China on Taiwan. We're Ready.

**TODAY'S
TAIWAN**

**REPUBLIC
OF CHINA**

Portugal Beats Lativa, Croatia Stops Lithuania

Pinto scored the visitors' opening goal with a blazing 15-meter left-footed drive past Karavayev in the 33d minute. In the

day, France vs. Romania and Armenia vs. Cyprus, ended in scoreless draws.

SIDELINES

stroke, scored a double bogey 6, and Barr won the match despite Kite getting a birdie at the last hole.

Valentine said the job would include overhauling the Japanese club's minor league teams.

Defending champion Italy beat the Netherlands, 3-1, to win the men's World Volleyball Championship in Athens; the United States beat Cuba, 3-1, for third place. (AP)

York marathon to the cheers of thousands of well-wishers. The cancer recurred early this year.

to be ready to serve again so soon in best-of-five-set matches in the intense heat often experienced at Melbourne's National

[illegible]

MONDAY SPORTS

Miami Gets Revenge on Florida St. Hurricanes Stop No. 3 Seminoles

By Malcolm Moran

New York Times Service

MIAMI — When Miami and Florida State collide, the emotional pain lingers long after the physical damage is healed. But such is the way of the rivalry with the highest of stakes.

After 12 months of suffering and suspicion that its era had

COLLEGE FOOTBALL

Come to an end, Miami gained redemption Saturday night when the Florida State quarterback Danny Kanell, his team forced to rely on the pass because of an unproductive rushing game, threw three interceptions that led to Miami touchdowns. The third, on a 16-yard scoring return by cornerback Carlos Jones, secured a 34-20 victory before 77,010 in the Orange Bowl.

Just two weeks after Miami's record 58-game home winning streak was ended, the No. 13 Hurricanes beat the No. 3 Seminoles for the eighth time in the last 10 games and the fifth straight time here. And, for the ninth time in 18 seasons, they handed Florida State its first loss of the season.

The Seminoles committed five turnovers. Kanell, who finished 13 of 28 for 153 yards passing, was replaced by Jon Stark in the final minute of the third quarter.

But Kanell was operating an offense that produced just 47 rushing yards. Miami gained 185 yards on 45 rushes, led by the fullback James Stewart, who scored two touchdowns and gained 95 yards on 16 carries.

Stewart led a Miami offense that scored on its first two possessions of the first half to stabilize an emotional, mistake-filled game. Stewart's 5-yard touchdown run, his second score of the game, tied the score at 14-14 with 7 minutes, 28 seconds to go in the half following Kanell's second interception.

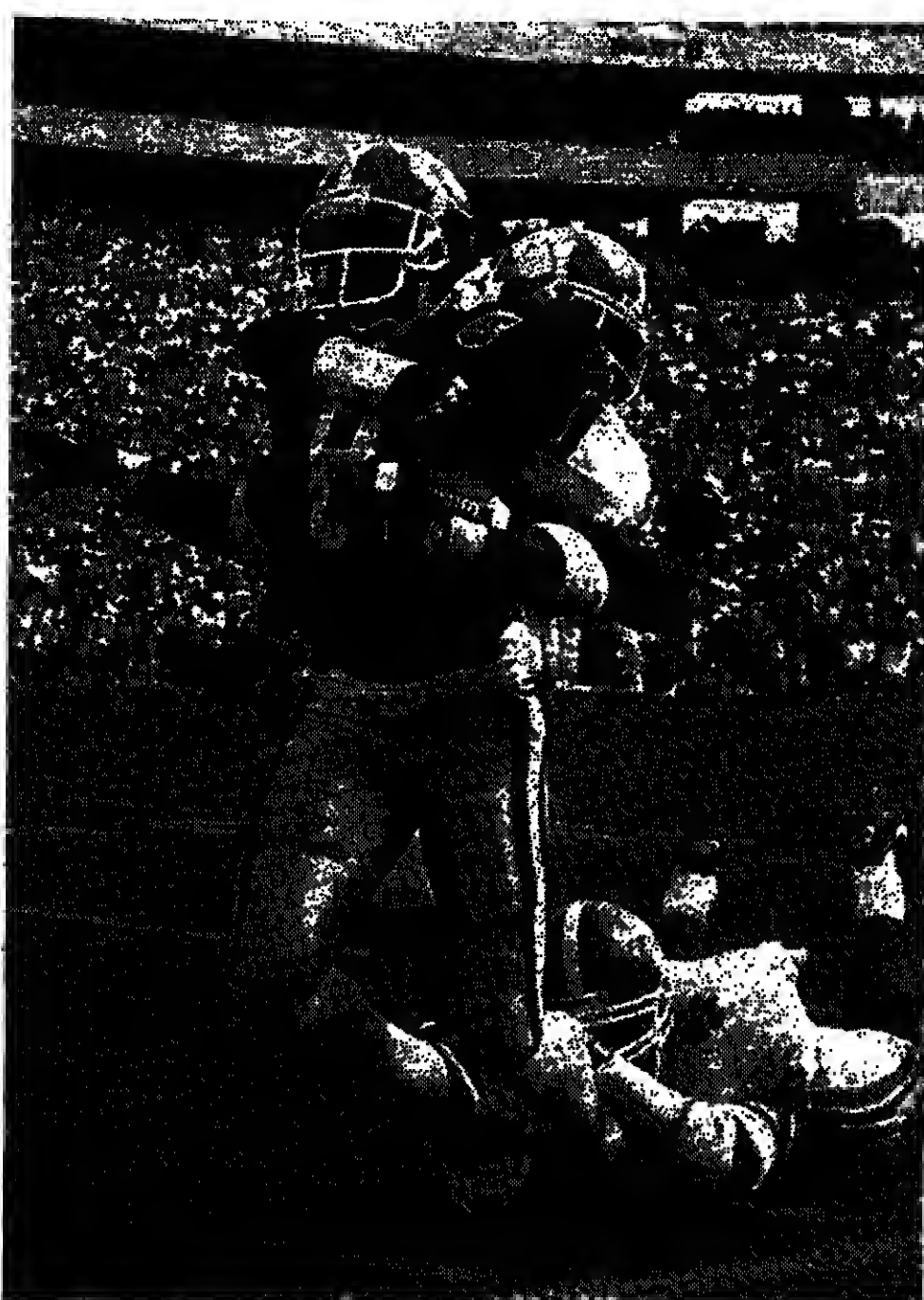
Miami then went ahead to stay with a convincing 59-yard drive that produced a 21-14 lead.

The Hurricanes held the ball for all but 14 seconds of the last 4:07 in the second quarter. After driving to the 1, Miami replaced quarterback Frank Costa with Ryan Collins, a more mobile backup. Collins sprang to his right, scored Seminoles defensive back Clifton Abraham and Devin Bush to stop forward, and threw a soft, 1-yard touchdown pass to tight end Derrick Harris.

Both teams made penalties, poor decisions and uncharacteristic blunders in a series that has produced four national championships in the past 11 seasons.

Miami had won the last 39 games in which it had gained at least 150 rushing yards. The Hurricanes had 96 by halftime, a factor that allowed them to settle down a game that could have gone out of control.

Stewart, a punishing 245-pound (110-kilogram) junior, carried the ball on the last three plays of Miami's first scoring drive, including the 2-yard TD on a pitchout to the left.



Clemson defenders dragged down Georgia's Jeff Thomas after he caught a pass from quarterback Brian Dawkins. The Bulldogs crushed Clemson, 40-14, in Athens, Georgia.

BC Dashes Irish Hopes, Again

The Associated Press

It was the same old story for Notre Dame against Boston College.

By picking up where they left off last season, the Boston College Eagles probably ended Irish hopes for the national title.

Last season, it was David Gordon's 41-yard field goal on the final play that edged the Irish, 41-39, and dropped them from the No. 1 ranking. This time, it wasn't even close, a 30-11 victory that was decided in the third quarter in Boston.

"We're very, very, very, very disappointed," said Lou Holtz, Notre Dame's coach, who has lost two games before Nov. 11, his first year at the school. All the Eagles needed to beat Notre Dame again was their almost-impenetrable defense, a flea-flicker, a fake field goal and another mediocre outing by the Irish quarterback, Ron Powlus.

Powlus was sacked four times for 39 yards and hit only five passes for 50 yards. He threw 21 times and was intercepted twice.

No. 1 Florida 42, LSU 18: In Gainesville, Florida, Terry Dean threw his 18th touchdown pass of the season and Anthony Lott scored on an 88-yard interception return.

No. 2 Nebraska 33, Oklahoma State 3: In Lincoln, Nebraska, Lawrence Phillips ran for a

career-high 221 yards and three touchdowns on 33 carries.

The third-string quarterback Matt Turman drove Nebraska to two touchdowns in its first three second-half possessions.

No. 5 Colorado 38, Missouri 23: Kordell Stewart passed for 228 yards and Rashawn Salaam ran for 166 as the visiting Buffaloes won their ninth straight.

Stewart hit his first seven passes and went 16-for-21 with two TDs. Salaam, the nation's leading rusher, had 28 carries and scored two touchdowns.

No. 23 Colorado State 21, No. 6 Arizona 16: Anthony Hill completed two touchdowns passes to tight end Jason Shull and threw for 251 yards for the Rams in Tucson, Arizona.

No. 7 Michigan 40, Michigan State 20: The Wolverines scored on seven straight possessions against the Spartans in Ann Arbor, Michigan.

Tyrene Wheatley ran for 153 yards and two touchdowns and caught a 5-yard scoring pass from Todd Collins.

No. 9 Auburn 42, Mississippi State 18: In Starkville, Mississippi, Patrick Nix threw for 311 yards and three TDs as Auburn tied a school record and extended Division I-A's longest winning streak to 17 games.

No. 12 Washington 34, San Jose State 20: In Seattle, Napoleon Kaufman improved on his

career-high 227-yard game last week against UCLA, rushing for 254 yards and three touchdowns. Kaufman scored on a 91-yard run on the first offensive play for the Huskies.

No. 15 Texas 17, No. 16 Oklahoma 10: In Dallas, Texas, Oklahoma overcame a 7-0 halftime deficit as the redshirt freshman James Brown, starting for injured Shea Morenz, ran for a touchdown and passed for another.

In the final minute, nose guard Stonie Clark made a fourth-down tackle near the goal line, stopping James Allen and ending a desperation drive for the Sooners.

Illinois 24, No. 17 Ohio State 10: Illinois won for the fourth straight time in Columbus, Ohio. Jasper Strong's 49-yard TD catch put the Illini ahead for good on the last play of the third quarter.

Louisville 35, No. 18 North Carolina State 14: Linebacker Alan Campos set up a touchdown with his first fumble recovery in the fourth quarter, then ran 20 yards with the upset of the visiting Wolf Pack.

No. 24 Wisconsin 46, Northwestern 14: Terrell Fletcher scored three TDs and ran for 186 yards to help bring the Badgers back from a 14-10 halftime deficit in Evanston, Illinois. Wisconsin scored 16 points in 55 seconds of the final quarter.

Walsh Leads 2d-Half Comeback As Bears Overcome Saints, 17-7

The Associated Press

Playing his third straight game for the injured Erik Kramer, Steve Walsh directed two long, second-half scoring drives and the Bears took advantage of the torn-up turf at Chicago's Soldier Field on Sunday for a 17-7 National Football League victory over the New Orleans Saints.

Lewis Tillman rushed for 100 yards and a touchdown for Chicago (4-2), which goes into its bye week with a half-game lead over Minnesota in the NFC Central. The Vikings play the Giants on Monday night in East Rutherford, New Jersey.

Soldier Field, ripped up by football games and rock concerts early last month, had been resodded and was in good shape until a college game played in a steady rain Saturday evening.

That game left the middle of the field looking like a barren wasteland — more sandy than muddy — and New Orleans (2-4) obviously was affected.

The Saints led only 7-0 early in the third quarter despite controlling play. Morten Andersen, one of the best kickers in NFL history, struggled with his footing and had two field goals blocked. The Saints also were slipping on offense and sliding on defense as the Bears scored the final 17 points of the game.

Jerry Fontenot's block of Andersen's 37-yard attempt and Mark Carrier's subsequent 54-yard return set up a 46-yard Kevin Butler field goal 3:21 into the second half.

Because of Andersen's problems, Saints' coach Jim Mora decided on the next possession to go for a first down on fourth-and-4 from Chicago's 30. Jeremy

Lincoln broke up Jim Everett's pass to Michael Haynes.

Walsh then completed four passes for 55 yards on a 70-yard drive, capped by his 21-yard touchdown pass to Jeff Graham, to make it 10-7 with 2:24 left in the third period.

After a pass by New Orleans punter Tommy Barnhardt fell incomplete with 8:24 to play, Chicago went 63 yards for Till-

NFL ROUNDUP

man's clinching 25-yard touchdown run. Walsh was 4-of-4, including three passes good for first downs, on the drive.

Walsh finished 16-of-26 for 174 yards.

The Saints scored on Everett's 18-yard pass to Quinn Early midway through the second quarter but otherwise could not overcome the slippery field.

49ers 27, Lions 21: Rookie William Floyd scored his first two NFL TDs, caught several passes and provided Steve Young with enough protection to guide San Francisco over the Lions in Pontiac, Michigan.

Young, who was sacked 15 times in the first five games, was sacked just twice by Detroit (2-4), which lost its third straight game. The 49ers (4-2), rebounding from last week's 40-8 loss to Philadelphia, won their fifth in a row against the Lions, including a 35-17 drubbing last year.

Floyd, starting at fullback ahead of Marc Logan, carried eight times for 35 yards, including two 1-yard scores. He also caught five passes for 43 yards.

Floyd also helped out as a blocking back as Young, instead of trying to throw down-

field, worked on quick, short passes that didn't require as much time to set up. As a result, he completed 19-of-25 for 152 yards, including a 5-yard touchdown toss to Nate Singleton.

Bills 21, Dolphins 11: Thurman Thomas broke free from Bryan Cox's grasp for a 26-yard touchdown late in the third quarter for his second touchdown as the Bills beat Miami in Orchard Park, New York.

The victory moved Buffalo (4-2) into a first-place tie with the Dolphins (4-2) in the AFC East. It was the first triumph for a home team in the last seven meetings between the teams.

After four consecutive weeks of getting flagged for 15-yard penalties, Cox kept it to an off-sides against Buffalo.

Thomas, who sat out last week with a sprained knee so he would be ready for the Dolphins, ran 32 times for 129 yards — his fourth straight game with more than 100 rushing yards.

Packers 24, Rams 17: The Packers' defense, led by Reggie White, held Jerome Bettis to 65 yards rushing on 22 carries and provided great field position for the offense in a come-from-behind victory over Los Angeles in Green Bay, Wisconsin.

Bettis entered the game as the NFL's second-leading rusher after four straight 100-yard games. Robert Brooks returned a punt 85 yards for a touchdown, and the Packers (3-3) scored 21 straight points in the second half to overcome a 17-3 halftime deficit.

White, the all-time NFL leader with 142 sacks in 143 career games, had two sacks.

Falcons 34, Buccaneers 13: In Atlanta, Ironhead Heyward

scored two touchdowns in his first start of the season and Vinnie Clark returned interceptions 74 and 21 yards, leading the Falcons past Tampa Bay.

The Falcons (4-2) won their third straight game. Tampa Bay (2-4) failed again to win two in a row for the first time since the first two games of the '91 season.

Jeff George threw two touchdowns passes to offset two interceptions and a lost fumble. Heyward rushed for 87 yards and a pair of short touchdowns as Atlanta took a 24-0 lead late in the first half.

Clark set up a touchdown and a field goal with his interceptions.

Jets 16, Colts 6: The Jets snapped a five-year home losing streak against Indianapolis. Until a late TD, both teams fell victim to their ineptitude on offense, rarely even managing a first down until New York's winning drive. Fumbles, penalties and interceptions bogged down both sides.

Nick Lowery made three field goals, moving into second place on the NFL career list with 336, and backup runner Adrian Murrell provided a boost for New York in the fourth period.

The score was tied 6-6 at halftime and stayed that way as the Colts' usually reliable Dean Biasucci missed a 35-yard field goal in the third quarter.

Murrell then sparked the decisive march, rushing for 15 yards and turning a short pass into a 12-yard gain on third down despite having little blocking on the play. Lowery's 37-yard kick came with 6:10 to go and left him behind only Jan Stenerud (373) on the field goal list.

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LANGUAGE

Amid the Huffing and Puffing

By William Safire

WASHINGTON—Before President Clinton put military muscle behind his negotiations in Haiti, his attempted intimidations, exhortations, and dire warnings aimed at the local junta were summed up as *huffing and puffing*.

"Heralded by the *huffing and puffing* of a spin doctorate gone wild" were the words of one hawkish polemicist in The New York Times, while The Washington Post headline over a Mary McGarry column was "*Huffing and Puffing* Over Haiti."

Puff is the older word, from Old English *puflan*, of imitative origin, meaning "to blow in short gusts" or, metaphorically, "to inflate; make proud or conceited." Richard Brinsley Sheridan, in a 1779 play, wrote of "a practitioner in panegyric, or, to speak more plainly, a professor of the art of puffing." From the *power puff*, a soft and fluffy pad for dispensing talc and other cosmetics, came the *puff piece*, or adoring article.

Huff—to bluster, to emit puffs of breath in anger—gained a meaning in 1599 of "a short spell of anger," as in "to leave in a huff." In this century, it was automatized as "a six-cylindered huff." The two verbs were combined in the nursery tale of "The Three Little Pigs," as the wolf warned, "I'll huff and I'll puff and I'll blow your house down." (Other versions use "blow your house down," but the 1933 Disney movie version helped immortalize "blow your house in" as a rhyme for each pig's refusal to give entry: "Not by the hair of my chinny-chin-chin!") Thus the combination of *huff* and *puff* came to mean "bombastic threats" to be derided.

Another old word leaped into vogue during the huff-puff period: "The American military will make quick work of Haiti's ragtag army," Jim Hoggland wrote in The Washington Post. The Economist agreed: "America's 20,000 troops . . . can make short work of the ragtag Haitian forces on shore."

The expression began as *tag and rag* in the 16th century; the rags conjured an image of motley, a woolen fabric of mixed colors worn by jesters; hence, *ragtag* became "a motley, or variegated, crowd of misfits." By the 1820s, it evolved in the world of politics as *ragtag and bobtail*, an aristocrat's contemptuous term for "rabble." As a rhyming modifier, *ragtag* is being used outside of Haiti discussions. Asked on "60 Minutes" last month about his inner-city childhood, Kweisi Mfume, the Maryland representative who is chairman of the Congressional Black Caucus, said: "I was a *ragtag* kid in the streets."

A snippet of bureaucratese also made its way to the forefront. Asked whether high-level emissaries were on their way to the junta, Dee Dee Myers, the White House press secretary, noted

that "the time has long passed for negotiations" but added: "If the dictators were willing to leave, we'd be willing to discuss the specific modalities of their departure."

Myers is not the sort to dip naturally into diploingo; that word, a favorite of the Kissinger era, was drilled into her by a foreign-policy wonk. *Modalities* means "means," as opposed to ends; structure, not substance; the trappings rather than the essence. It is often a so-called word, akin to "technical details," unless you are in charge of the communications or security of a negotiation.

"Clinton, Advisers Consider 'Endgame' Plans on Haiti," read a Washington Post headline, based on an unattributed quote from an official talking about "endgame planning." *End game* began more than a century ago as a chess term, like the older *gambit* ("opening gambit" is redundant, as is "final endgame"). By 1964, the novelist Vladimir Nabokov was using it as a single word: "We'll simply take the endgame position at the point it was interrupted today." In diploingo, *endgame* is usually followed by *exit strategy*, first used in business in the late 1970s.

Foreign-policy crises can often produce new diploingo. Just as the Cuban missile crisis in 1962 produced *hawks and doves*, an early American metaphor coined by the columnists Charles Bartlett and Stewart Alsop, and *eyeball to eyeball*, a popularization of an army phrase by Secretary of State Dean Rusk, the Haitian occupation produced the noun *de facto*, used repeatedly by Secretary of State Warren Christopher. In a White House briefing on Sept. 18, he referred to "factors that conjoined to convince the *de facto* that the time had come for them definitely to go" and "it became apparent to the *de facto* that they were going to be taken out in other ways."

This was taken from the Latin words for "in fact," often contrasted to *de jure*, "in law." The two Latin phrases became familiar to most Americans in the '60s to describe forms of segregation in education, when *de jure* segregation was struck down while *de facto* segregation was still tolerated, not deliberately caused by public policy. *De jure* can be used pejoratively, to mean "in name only." A slashing vituperator in Washington often told Janet Reno "attorney general *de jure*," suggesting that her then-deputy, Friend of Bill Webster Hubbell, was attorney general *de facto*.

In the Haitian case, Christopher, after a thousand mentions of the Raoul Cedras junta as "the *de facto* government," began short-handling his reference by calling the generals "the *de facto*."

New York Times Service

Naomi Campbell: Life After the Runway

By Suzy Menkes

International Herald Tribune

PARIS—How cheap to suggest that supermodel Naomi Campbell needed a 250-word summary of the novel that bears her name. Why, "Swan" would require at least two folios to convey its complex tale of five models, their nomadic fashion life and the murder mystery through which the novel plods, in contrast to its heroine's signature swan-like glide.

The reason why anyone would read the book is set out on its second page, where Swan takes to the Paris runway and turns into that icon of allure, glamour and stardom that is a current fashion phenomenon.

"I booked my thumbs into the pockets of my tight silk pants and began to saunter down the runway, one foot in front of the other, hips wiggling subtly," it reads. "A supermodel can make anything look sexy, and they say I'm the sexiest of them all."

Campbell giggles when asked if that is her speaking on the tapes that she recorded to create the bones of the book, published in London by Heinemann. "Well, I hardly look in the mirror," she claims. "What I wanted people to know was how unglamorous it all really is. And I was thinking of 'mirror, mirror on the wall'—you know, Snow White."

Campbell is not the fairest of them all. She is black. The first and only supermodel to break through the invisible racial barrier and make it to the cover of Vogue.

Although she might be perceived as a role model by aspiring black kids, the fan mail she receives expresses rather the dreams of any teenager hoping to be spotted for stardom, as Campbell was at age 14, while "hanging out" after school in London's Covent Garden.

"Sometimes I'm on a set and realize that I am the only black model there," she says. "It just makes me more determined—it's more of a challenge. But I'm not black American, I'm black English and racism exists a lot more in America. In New York, it is more in your face."

Campbell now lives in New York, leading a life she can still hardly believe when she recalls her childhood in a poor suburb of London, when she would graze to the Jackson Five and never imagined that she would one day meet Michael Jackson and other teenage icons.

The tabloid chronicle of her tempestuous relationships with Mike Tyson, Robert De Niro and her on-off engagement to Adam Clayton of the pop group U2 seem far more riveting than the tame exploits of her fictional models. As she says of her heroine: "No one is as nice as Swan."

Stories of Naomi being "difficult" were splashed in the press when her long-term New York agency



Jacket photo for Campbell's novel "Swan."

claimed it had fired her because she had gotten too big for her thigh-high boots. She insisted that it was a jilted agent's pique because she had quit, and now says that she finds it "undignified" to discuss the episode. She calls her London agent "Mom." Her preternaturally youthful mother, Valerie, whose input in Campbell's childhood was limited to sending her to stage school, has now followed in her famous daughter's high-heeled footsteps and taken to modeling herself.

Although Campbell will be stalking a few of the Paris runways as the shows open Monday ("all Karl Lagerfeld's shows"), her priority now is to go back to the theater and performing arts training. She has just released her first album, launched last month with a European capital-city-a-day publicity tour. She describes "Love and Tears" (which has yet to make the charts) as an attempt to express in lyrics the pain and pleasure, the mistakes and the roller-coaster emotions of her life. Campbell is 24.

And that is the point. For at an age when most women are in full flower, a model perceives herself as a fading bloom. Campbell's dilemma is that of all

models at all times: What to do after runway stardom? In the 1950s, a model had to catch her man. In the 1960's, models marched to a feminist beat and began to make careers of their own.

Today's so-called supermodels are a new breed. "Everyone is individual and has her own persona," says Campbell. "No one tries to emulate the other. We are all different."

Although some of the personalities in Swan are as thinly veiled as Campbell in a see-through dress, fellow models have not seen the novel as a roman à clef.

"It's a fantasy about someone getting killed," says Campbell, although the real denouement is about who will be the face to inherit from Swan a big money contract with a beauty house.

That route off the podium is the lucrative cosmetic contracts that have gone to her fellow model and close friend Christy Turlington. A black face is not one to launch a thousand lipsticks.

"Swan" flickers to life with the camaraderie that exists between models. "In the real world, we work really hard—we are not partying all the time," Campbell claims. "For the shows, we are on the road for a month. For Kate [Moss], Christy and I it becomes a maternal type of thing. We make a family."

A more perceptive novel has yet to be written about supermodel stardom. About looking into a mirror at a face which has appeared on more magazine covers than Princess Diana—and spotting the first hairline cracks in the facade. About the Sunset Boulevard despair at 30 as a change of image and hair color cannot stop a model slipping inexorably over the hill.

Designers claim to want to show mature women on the runway, from Lauren Hutton at Calvin Klein to Isabella Rossellini camping it up on the runways last week in Milan. The silence of the camera shutters when the golden oldies are sent out is testimony to the truth that fashion's image is of youth.

On the runway, Campbell is a mesmerizing presence, her panther-like walk and voluptuous hips a symbol of animal sexual power. When she travels, she says, her teddy goes with her in her bags, along with scented candles and things to make hotel rooms home away from home.

In New York, she fantasizes about England, especially its comforting nursery foods. She recites a litany of British products she carries across the Atlantic to give fellow Brits a nostalgic Sunday lunch: "Pork sausages, steak and kidney pie, mint jelly, spotted dick pudding, custard."

In front of her, lunch lies untouched, except for a few sips of ginger beer. It takes discipline, drive and more street-smart savvy than you might think for a swan to stay in the swim. And courage to try to stretch the wings.

WEATHER

Forecast for Tuesday through Thursday, as provided by Accu-Weather.

Europe	Today	High	Low	W	High	Low	W
Algeria	22/71	17/82	pc	22/71	17/82	pc	sh
Amsterdam	17/82	51/61	pc	17/82	51/61	pc	sh
Ankara	20/62	13/25	pc	20/62	13/25	pc	sh
Athens	25/77	18/65	pc	25/77	18/65	pc	sh
Bangkok	21/70	16/54	pc	21/70	16/54	pc	sh
Beijing	16/61	5/41	pc	16/61	5/41	pc	sh
Bombay	12/53	4/23	pc	12/53	4/23	pc	sh
Buenos Aires	18/64	6/48	pc	18/64	6/48	pc	sh
Burkina Faso	12/53	4/23	pc	12/53	4/23	pc	sh
Cairo	11/52	6/43	pc	11/52	6/43	pc	sh
Caracas	22/71	18/65	pc	22/71	18/65	pc	sh
Chengdu	18/64	6/48	pc	18/64	6/48	pc	sh
Columbus	18/64	6/48	pc	18/64	6/48	pc	sh
Copenhagen	11/52	6/43	pc	11/52	6/43	pc	sh
Dakar	18/64	6/48	pc	18/64	6/48	pc	sh
Delhi	12/53	4/23	pc	12/53	4/23	pc	sh
Edinburgh	17/82	51/61	pc	17/82	51/61	pc	sh
Frankfurt	18/64	6/48	pc	18/64	6/48	pc	sh
Geneva	17/82	51/61	pc	17/82	51/61	pc	sh
Helsinki	10/50	5/40	pc	10/50	5/40	pc	sh
Istanbul	22/71	18/65	pc	22/71	18/65	pc	sh
Los Angeles	20/62	13/25	pc	20/62	13/25	pc	sh
London	18/64	6/48	pc	18/64	6/48	pc	sh
Madrid	20/62	13/25	pc	20/62	13/25	pc	sh
Mexico	22/71	18/65	pc	22/71	18/65	pc	sh
Moscow	15/58	7/44	pc	15/58	7/44	pc	sh
Mumbai	18/64	6/48	pc	18/64	6/48	pc	sh
Nairobi	12/53	4/23	pc	12/53	4/23	pc	sh
Paris	22/71	18/65	pc	22/71	18/65	pc	sh
Rangoon	20/62	13/25	pc	20/62	13/25	pc	sh
Rio de Janeiro	18/64	6/48	pc	18/64	6/48	pc	sh
Sao Paulo	18/64	6/48	pc	18/64	6/48	pc	sh
Seoul	12/53	4/23	pc	12/53	4/23	pc	sh
Shanghai	18/64	6/48	pc	18/64	6/48	pc	sh
Singapore	22/71	18/65	pc	22/71	18/65	pc	sh
Taipei	20/62	13/25	pc	20/62	13/25	pc	sh
Tokyo	24/75	17/82	pc	24/75	17/82	pc	sh

North America	Today	High	Low	W	High	Low	W
Alaska	10/50	5/40	pc	10/50	5/40	pc	sh
Arizona	20/62	13/25	pc	20/62	13/25	pc	sh
California	22/71	18/65	pc	22/71	18/65	pc	sh
Canada	18/64	6/48	pc	18/64	6/48	pc	sh
Colorado	20/62	13/25	pc	20/62	13/25	pc	sh
Connecticut	18/64	6/48	pc	18/64	6/48	pc	sh
Delaware	18/64	6/48	pc	18/64	6/48	pc	sh
District of Columbia	18/64	6/48	pc	18/64	6/48	pc	sh
Florida	22/71	18/65	pc	22/71	18/65	pc	sh
Georgia	20/62	13/25	pc	20/62	13/25	pc	sh
Hawaii	24/75	17/82	pc	24/75	17/82	pc	sh
Idaho	18/64	6/48	pc	18/64	6/48	pc	sh
Illinois	20/62	13/25	pc	20/62	13/25	pc	sh
Indiana	18/64	6/48	pc	18/64	6/48	pc	sh
Iowa	18/64	6/48	pc	18/64	6/48	pc	sh
Kansas	20/62	13/25	pc	20/62	13/25	pc	sh
Kentucky	18/64	6/48	pc	18/64	6/48	pc	sh
Louisiana	22/71	18/65	pc	22/71	18/65	pc	sh
Maine	18/64	6/48	pc	18/64	6/48	pc	sh
Maryland	18/64	6/48	pc	18/64	6/48	pc	sh
Massachusetts	18/64	6/48	pc	18/64	6/48	pc	sh
Michigan	18/64	6/48	pc	18/64	6/48	pc	sh
Minnesota	18/64	6/48	pc	18/64	6/48	pc	sh
Mississippi	22/71	18/65	pc	22/71	18/65	pc	sh
Missouri	18/64	6/48	pc	18/64	6/48	pc	sh
Montana	18/64	6/48	pc	18/64	6/48	pc	sh
Nebraska	20/62	13/25	pc	20/62	13/25	pc	sh
Nevada	20/62	13/25	pc	20/62	13/25	pc	sh
New Hampshire	18/64	6/48	pc	18/64	6/48	pc	sh
New Jersey	18/64	6/48	pc	18/64	6/48	pc	sh
New Mexico	20/62	13/25	pc	20/62	13/25	pc	sh
New York	18/64	6/48	pc	18/64	6/48	pc	sh
North Carolina	22/71	18/65	pc	22/71	18/65	pc	sh
North Dakota	18/64	6/48	pc	18/64	6/48	pc	sh
Ohio	18/64	6/48	pc	18/64	6/48	pc	sh
Oklahoma	20/62	13/25	pc	20/62	13/25	pc	sh
Oregon	18/64	6/48	pc	18/64	6/48	pc	sh
Pennsylvania	18/64	6/48	pc	18/64	6/48	pc	sh
Rhode Island	18/64	6/48	pc	18/64	6/48	pc	sh
South Carolina	22/71	18/65	pc	22/71	18/65	pc	sh
South Dakota	18/64	6/48	pc	18/64	6/48	pc	sh
Tennessee	20/62	13/25	pc	20/62	13/25	pc	sh
Texas	22/71	18/65	pc	22/71	18/65	pc	sh
Utah	18/64	6/48	pc	18/64	6/48	pc	sh
Vermont	18/64	6/48	pc	18/64	6/48	pc	sh
Virginia	22/71	18/65	pc	22/71	18/65	pc	sh
Washington	18/64	6/48	pc	18/64	6/48	pc	sh
West Virginia	18/64	6/48	pc	18/64	6/48	pc	sh
Wisconsin	18/64	6/48	pc	18/64	6/48	pc	sh
Wyoming	18/64	6/48	pc	18/64	6/48	pc	sh

Asia							
	Today			Tomorrow			
	High	Low	W	High	Low	W	
Bangkok	24/75	17/77	pc	22/79	14/75	1 pc	
Beijing	16/61	5/41	pc	16/61	5/41	pc	sh
Bombay	12/53	4/23	pc	12/53	4/23	pc	sh
Buenos Aires	18/64	6/48	pc	22/79	24/75	pc	
Burkina Faso	12/53	4/23	pc	22/79	24/75	pc	sh
Cairo	11/52	6/43	pc	24/75	16/61	pc	
Caracas	22/71	18/65	pc	24/75	16/61	pc	sh
Chengdu	18/64	6/48	pc	24/75	16/61	pc	sh
Columbus	18/64	6/48	pc	24/75	16/61	pc	sh
Copenhagen	11/52	6/43	pc	24/75	16/61	pc	sh
Dakar	18/64	6/48	pc	24/75	16/61	pc	sh
Delhi	12/53	4/23	pc	24/75	16/61	pc	sh
Edinburgh	17/82	51/61	pc	24/75	16/61	pc	sh
Frankfurt	18/64	6/48	pc	24/75	16/61	pc	sh
Geneva	17/82	51/61	pc	24/75	16/61	pc	sh
Helsinki	10/50	5/40	pc	24/75	16/61	pc	sh
Istanbul	22/71	18/65	pc	24/75	16/61	pc	sh
Los Angeles	20/62	13/25	pc	24/75	16/61	pc	sh
London	18/64	6/48	pc	24/75	16/61	pc	sh
Madrid	20/62	13/25	pc	24/75	16/61	pc	sh
Mexico	22/71	18/65	pc	24/75	16/61	pc	sh
Moscow	12/53	4/23	pc	24/75	16/61	pc	sh
Mumbai	12/53	4/23	pc	24/75	16/61	pc	sh
Nairobi	18/64	6/48	pc	24/75	16/61	pc	sh
Paris	18/64	6/48	pc	24/75	16/61	pc	sh
Perth	18/64	6/48	pc	24/75	16/61	pc	sh
Rangoon	18/64	6/48	pc	24/75	16/61	pc	sh
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